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TPT

QUEBEC (PROVINCE)
BAIE

*... morning, ... as ... railway met
... commission of inquiry into the*

ROYAL COMMISSION

INQUIRY

— INTO THE —

BAIE DES CHALEURS RAILWAY

MATTER

PROCEEDINGS OF THE COMMISSION AND DEPOSITIONS OF WITNESSES.



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INQUIRY
INTO THE
BAIE DES CHALEURS RAILWAY
MATTER

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honorable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions, made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

Proceedings of the Commission and Depositions of Witnesses.

1st SITTING.

Tuesday, the sixth day of October in the year of Our Lord one thousand eight hundred and ninety one.

PRESENT :

The Honorable Mr. Justice	LOUIS A. JETTÉ,	President,
" " " "	LOUIS FRANÇOIS GEORGES BABY,	
" " " "	CHARLES PEERS DAVIDSON,	

Commissioners.

The Commission commenced its sittings at the hour of ten of the clock in the morning, in the Court House in the city of Quebec.

The president announced that Léopold Laflamme, of the city of Montreal, esquire, Advocate, had been appointed secretary to the Commission and had taken the oath of office.

The secretary read, in both French and English, the proclamation of the Royal Commission as it appeared in the *Quebec Official Gazette* as follows :

Collectors

CANADA
Province of Quebec. }
District of Quebec. }

A. R. ANGERS.

VICTORIA, by the Grace of God, of the United Kingdom of Great Britain and Ireland,
Queen, Defender of the faith, &c., &c., &c.

To all to whom these presents shall come or whom the same may concern—GREETING :

A PROCLAMATION.

J. E. ROBIDOUX, } WHEREAS by a report of the Honourable Prime Minister, by a report
Atty.-General. } of the Honourable Executive Council for Our Province of Quebec, and
by an order of Our Lieutenant-Governor in Council, it is declared that it is advisable in
the interest of the public, that a Royal Commission be issued to inquire into and report on
the facts and circumstances which preceded, accompanied, caused and followed the
transactions made under the Act 54 Vict., chapter 88, in so far as it relates to the Baie
des Chaleurs Railway Company ;

AND WHEREAS We have deemed it advisable, in the interest of the good government
of Our said Province, that such inquiry be made ;

NOW KNOW YE, that by and with the advice of the Executive Council of Our Province of
Quebec, and under the authority of article 596 and following of the Revised Statutes of Our said
Province on the subject of inquiries concerning public matters, We do constitute and appoint
the Honourable Louis-A. Jetté, judge of Our Superior Court, the Honourable Louis-François-
Georges Baby, judge of Our Court of Queen's Bench, and the Honourable Charles-Peers David-
son, judge of Our Superior Court, all three of the city of Montreal, commissioners to make
an inquiry into and report on the facts and circumstances which preceded, accompanied,
caused and followed the transactions made under the Act 54 Vict., chap. 88, in so far as
it relates to the Baie des Chaleurs Railway Company, and We do constitute the said
Honourable Louis-A. Jetté, 1 resident of the said commissioners.

And for that purpose, under the authority of the said article 596 and following of the
Revised Statutes of Our Province of Quebec, WE do give to the said commissioners, all the
powers granted in and by the said articles, and particularly the power of summoning before
them any witnesses and of requiring them to give evidence on oath, orally or in writing,
and to produce such documents and things as they may deem requisite to the full investiga-
tion of the matters into which they are appointed to examine, and WE do authorize the said
commissioners to employ a clerk, stenographers and other officers who may be required,
and to cause the minutes of their proceedings, the proof and their report to be printed.

And WE do order that the sittings of the said commission be held in the city of Quebec
or elsewhere in Our said Province, if the ends of justice require it.

Of all which Our loving subjects and all others whom these presents may concern, are
hereby required to take notice and to govern themselves accordingly.

In TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and
the Great Seal of Our said Province of Quebec to be hereunto affixed : WITNESS, Our Trusty
and well Beloved the Honourable AUGUSTE REAL ANGERS, Lieutenant-Governor of
Our said Province of Quebec.

At Our Government House, in Our City of Quebec, in Our said Province of Quebec, this twenty-first day of September, in the year of Our Lord, one thousand eight hundred and ninety-one, and in the fifty-fifth year of Our Reign.

By command,

CHS LANGELIER,

Secretary.

The secretary then read the Royal Commission as follows :

CANADA
PROVINCE OF QUEBEC,
District of Quebec. }

A. R. ANGERS.

VICTORIA, by the Grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith, &c., &c., &c.

To all to whom these presents shall come or whom the same may concern—GREETING :

COMMISSION

WHEREAS by a report of the Honourable Prime Minister, by a report of the Honourable Executive Council for Our Province of Quebec, and by an order of Our Lieutenant-Governor in Council, it is declared that it is advisable, in the interest of the public, that a Royal Commission be issued to inquire into and report on the facts and circumstances which preceded accompanied, caused and followed the transactions made under the Act 54 Vict., chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company ;

AND WHEREAS We have deemed it advisable, in the interest of the good government of Our said Province, that such inquiry be made ;

NOW THEREFORE by and with the advice of the Executive Council of Our Province of Quebec, and under the authority of article 596 and following of the Revised Statutes of Our said Province on the subject of inquiries concerning public matters, We do constitute and appoint the Honourable Louis-A. Jetté, judge of Our Superior Court, the Honourable Louis-François-Georges Baby, judge of Our Court of Queen's Bench, and the Honourable Charles Peers Davidson, judge of Our Superior Court, all three of the city of Montreal, commissioners to make an enquiry into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Vict., chap. 88, in so far as it relates to the Baie des Chaleurs Railway Company, and We do constitute the said Honourable Louis-A. Jetté, president of the said commissioners.

And for that purpose, under the authority of the said article 596 and following of the Revised Statutes of Our Province of Quebec, We do give to the said commissioners, all the powers granted in and by the said articles, and particularly the power of summoning before them any witnesses and of requiring them to give evidence on oath, orally or in writing, and to produce such documents and things as they may deem requisite to the full investigation of the matters into which they are appointed to examine, and We do authorize the said commissioners to employ a clerk, stenographers and other officers who may be required, and to cause the minutes of their proceedings, the proof and their report to be printed.

And WE do order that the sittings of the said commission be held in the city of Quebec, or elsewhere in Our said Province, if the ends of justice require it.

Of all which Our loving subjects and all others whom these presents may concern, are hereby required to take notice and to govern themselves accordingly.

IN TESTIMONY WHEREOF, WE have caused these Our Letters to be made Patent and the Great Seal of Our said Province of Quebec to be hereunto affixed: WITNESS, Our Trusty and Well Beloved the Honourable AUGUSTE REAL ANGERS, Lieutenant-Governor of Our said Province of Quebec.

At Our Government House, in the City of Quebec, in Our said Province of Quebec, this twenty-first day of September, in the year of Our Lord, one thousand eight hundred and ninety-one, and in the fifty-fifth year of Our Reign.

By command,

CHS. LANGELIER,

Secretary.

The secretary then read the oath of office taken by the Commissioners, as follows :—

I swear that I will, well and truly, to the best of my ability, fulfill the office and perform the duties of Royal Commissioner to inquire into and report upon the facts and circumstances which preceded, accompanied, caused and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway. So help me God.

(Signed), L. A. JETTÉ.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

IN THE CITY OF QUEBEC.

I, the undersigned, Commissioner *per dedimus potestatem*, hereby certify that Louis-A. Jetté, of the city of Montreal, judge of the Superior Court, appeared before me on the fifth day of October instant, and took and subscribed the oath as *Royal Commissioner* to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway, in conformity with the provisions of the law in such case made and provided.

Quebec, 6th October 1891.

(Signed),

LUDOVIC BRUNET,

Commissioner *per ded. pot.*

I swear that I will, well and truly, to the best of my ability, fulfill the office and perform the duties of Royal Commissioner to inquire into and report upon the facts and circumstances which preceded, accompanied, caused and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway.

So help me God.

(Signed)

G. BABY.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

IN THE CITY OF QUEBEC.

the undersigned, Commissioner *per dedimus potestatem*, hereby certify that LOUIS-FRANÇOIS-GEORGES BABY, of the City of Montreal, judge of the Court of Queen's Bench, appeared before me on the fifth day of October instant, and took and subscribed the oath as *Royal Commissioner* to inquire into and report on the facts and circumstances that preceded, accompanied, caused and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company, in conformity with the provisions of the law in such case made and provided.

Quebec, 6th October 1891.

(Signed) LUDOVIC BRUNET,

Commissioner per ded. pot.

I swear that I will, well and truly, to the best of my ability, fulfill the office and perform the duties of Royal Commissioner to inquire into and report upon the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway. So help me God.

(Signed) C. P. DAVIDSON.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

IN THE CITY OF QUEBEC.

I, the undersigned, Commissioner *per dedimus potestatem*, hereby certify that CHARLES-PEERS DAVIDSON, of the city of Montreal, judge of the Superior Court, appeared before me on the fifth day of October instant, and took and subscribed the oath as *Royal Commissioner* to inquire into and report on the facts and circumstances that preceded, accompanied, caused and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company, in conformity with the provisions of the law in such case made and provided.

Quebec, 6th October 1891.

(Signed) LUDOVIC BRUNET,

Commissioner per ded. pot.

The president announced that the Commission was prepared to hear any applications that might be made.

F. L. Béique, Esquire, Queen's Counsel, informed the Commission that he wished to appear with Guillaume Amyot, Esquire, on behalf of the Government of the Province and suggested that the following witnesses be summoned :

Messrs. Gustave Grenier,
James Cooper,
Ernest Gagnon,
C. N. Armstrong,
Angus Thom,
Chrysostôme Langelier,
E. Moreau,
Honourable Pierre Garneau.

The Honourable George Irvine, Queen's Counsel, declared that he appeared for Mr Ernest Pacaud, and that his client would be present from day to day to give the Commission all the information in his power.

J. S. Hall, Esquire, Queen's Counsel and T. Chase Casgrain, Esquire, Queen's Counsel on behalf of certain persons who stated that they were interested, requested permission to make an application respecting the inquiry and prayed for delay to allow of their so doing.

The president announced that in view of the short notice that had been given of the opening of the Commission, it would be adjourned untill Thursday, the eighth instant, at ten of the clock in the forenoon.

The Commission then adjourned.

(Signed)

L. LAFLAMME,

Secretary.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable JUDGES A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, Chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

2nd SITTING.

On the eighth day of October in the year of Our Lord one thousand eight hundred and ninety one.

PRESENT :

The Honourable Mr Justice LOUIS A. JETTÉ, President.

“ “ LOUIS FRANÇOIS GEORGES BABY.

“ “ CHARLES PEERS DAVIDSON,

Commissioners

The Commission opened at 10 o'clock.

Of counsel there were present Mr. Béique Q. C. and Mr. Amyot on behalf of the Government ; Hon. Mr. Irvine Q. C. on behalf of Mr. Pacaud ; Mr. Hall, Q. C., Mr. Casgrain Q. C., and Mr. Cook, Q. C.

Mr. Hall made the following motion.

“ We appear in this matter under the terms of the proclamation on behalf of J. O. Villeneuve Esq., M. P. P., of Montreal, and of Owen Murphy, Esq. M. P. P., of Quebec, and we desire to have our position before the Commission defined.

“ Under our instructions, we believe, that we are in a position to submit evidence of an important character before the Commission, in relation to the matters sought to be inquired into and to establish that important transactions, purporting to be entered into, under the authority of the Act 54 Victoria, ch. 88, respecting the Baie des Chaleurs Railway, were in many respects utterly illegal, improper and hurtful to the public interest, and in the nature of a public wrong.

“ It is not disputed that a large sum of public money passed a few months ago into the hands of a gentleman, who had apparently no legal or moral claim to it. This is practically conceded by the First Minister in his correspondence with the Lieutenant Governor. The whole facts connected with this public transaction form one of the main objects of this inquiry. It is clear that possibly blame of a more or less grave character may attach in consequence, not alone to that gentleman referred to, but also to one or more high public men connected with the Executive Government of this Province, and this in a manner in which these gentlemen in the position of having their acts and conduct impugned.

“ We respectfully submit that the object of the inquiry, the truth in the public interest, will perhaps be best attained by the Commission permitting us to marshal and bring forward evidence and papers, and subject always to the controlling powers of the Commission, which we of course admit to the fullest extent, to conduct the investigation with power to cross-examine witnesses produced by other counsel.

“ This course, we think, will enable us to prove of material assistance to the Commission : and to some extent relieve its members from the position they might otherwise occupy of conducting the whole scope of the inquiry, while being at the same time bound to report on the results.

“ Quebec, 8th October, 1891.

(Signed) J. S. HALL.
T. C. CASGRAIN,
W. COOK.

Mr. Béique and Mr. Amyot after discussing the above application, presented a written declaration, as follows :

RE INQUIRY INTO THE BAIE DES CHALEURS RAILWAY MATTER.

Although, strictly speaking, the Royal Commission and the Government represent the public for the purposes of this inquiry, nevertheless, in order that the Government may not be suspected of intervening between the commissioners and the public, we suggest, on behalf of the Government, that it may please Your Honours either to examine the witnesses yourselves, allowing the Government and other parties duly represented before the Commission to suggest any additional questions which may apply ; or to leave the examination of the witnesses to the counsel for the Government at first and the cross-examination to the other parties duly represented before the Commission. and afterwards to the latter the examination of all other witnesses whom they may deem expedient to hear and who may have been accepted by the commissioners and the cross-examination to the counsel for the Government.

Quebec, 8th October, 1891.

(Signed) F. L. BEIQUE,
G. AMYOT.

These documents were ordered to be sent up to the commissioners to be further dealt with.

Mr. Hall made the following motion.

In the matter of

The Royal Commission into the Baie des Chaleurs Railway Company's matters.

1. That the following witnesses be ordered to be in attendance from day to day, during the sittings of the Commission, until discharged, and that subpoenas be issued for that purpose by the Secretary.

1. The Honourable Honoré Mercier, of the city of Quebec.
2. The Honourable P. Garneau, of the city of Quebec.
3. The Honourable Charles Langelier, of the city of Quebec.

-
4. J. Chrysostôme Langelier, Esquire of the city of Quebec.
 5. Ernest Pacaud, Esquire, of the city of Quebec.
 6. Henry T. Machin, Esquire, of the city of Quebec, Assistant Provincial Treasurer.
 7. Siméon Lesage, Esquire, of the city of Quebec, Deputy Commissioner of Public Works
 8. Edouard Moreau, Esquire, of the city of Quebec, Director of Railways.
 9. Alexander L. Light, Esquire, of the city of Quebec, civil engineer.
 10. Paul E. Smith, Esquire, of the city of Quebec, Deputy Clerk of the Legislative Assembly.
 11. E. Elliot Webb, Esquire, of the city of Quebec, bank manager.
 12. Augustin Gaboury, Esquire, of the city of Quebec, President of La Banque Nationale.
 13. P. Benjamin Dumoulin, Esquire, of the city of Quebec, manager of La Banque du Peuple.
 14. Auguste Edge, Esquire, of the city of Quebec, advocate.
 15. Jacques E. Huot, Esquire, of the city of Quebec, accountant.
 16. Pierre G. Lafrance, Esquire, of the city of Quebec, cashier of La Banque Nationale.
 17. The Honourable C. A. P. Pelletier, of the city of Quebec, senator.
 18. Louis C. Marcoux, Esquire, of the city of Quebec, manager of La Caisse d'Economie de Notre Dame de Québec.
 19. Charles N. Armstrong, Esquire, of the city of Montreal, contractor.
 20. James Cooper, Esquire, of the city of Montreal, hardware merchant.
 21. Michael S. Lonergan, Esquire, of the city of Montreal, advocate.
 22. Henry MacFarlane, Esquire, of the city of Sherbrooke, contractor.
 23. John J. Macdonald, Esquire, of Rivière du Loup (en bas), contractor.
 24. Angus M. Thom, Esquire, of the city of Montreal, secretary of the Baie des Chaleurs Railway Company.
 25. L. J. Riopel, Esquire, of the city of Quebec, advocate.
 26. The Honourable Théodore Robitaille, of the city of Quebec, senator.
 27. Louis A. Robitaille, Esquire, of the city of Quebec, gentleman.
 28. Cléophas Beausoleil, Esquire, of the city of Montreal, advocate.
 29. Edouard Garneau, Esquire, of the city of Quebec, merchant.
 30. Honourable Joseph E. Robidoux, of the city of Quebec, Attorney General.
2. That the Secretary be ordered, with respect to each and all of the witnesses aforesaid, to issue, from time to time, as requested by counsel, subpoenas *Duces Tecum*, addressed to the several persons above mentioned, ordering them and each of them to produce the several documents specified in such subpoenas.
3. That Edward J. Langevin, Clerk of the Senate of Canada, be ordered to attend before the Commission, and to produce before it all the original documents in his possession and custody, touching an enquiry by a Select Committee of the Senate in re the Bill from the House of Commons (No 82) intituled "an Act respecting the Baie des Chaleurs Railway Company."
4. That the Honourable Honoré Mercier, Charles Langelier, J. E. Robidoux, and Pierre Garneau, be ordered to produce upon oath all papers and documents in their possession and custody or under their control, whether official or personal, touching the matters at issue in the enquiry, and specially all letters and telegrams exchanged between them or any of them and all replies to such letters or telegrams from the first of July 1890, up to the present time, and specially all correspondence, whether official or personal, of every kind between them and Charles N. Armstrong, Ernest Pacaud, Angus McIntyre Thom, and James Cooper, and of the officers or officials of the Baie des Chaleurs Railway Company.

5. That Ernest Pacaud be ordered to produce under oath all letters, papers, telegrams and documents of every nature and kind whatsoever in his custody or possession or under his control, touching the Baie des Chaleurs Railway Company's matters, and specially all correspondence between him and Charles N. Armstrong, James Cooper, Angus M. Thom, J. Chrysostôme Langelier, the Honourable Charles Langelier, and the Honourable Honoré Mercier; and specially all books of account, stubs of cheques, notes, drafts, bank-books, and all documents shewing in any manner the disposal of all or any part of any sum or sums of money by him received from Charles N. Armstrong, since the first day of July, 1890.

6. That the said James Cooper, Charles N. Armstrong, Angus M. Thom and Michael S. Lonergan and each of them be ordered to produce, under oath, all letters and telegrams and copies of letters and telegrams exchanged between themselves and other person or persons, in connection with the Baie des Chaleurs Railway Company's matters, since the first day of July 1890.

7. That the said Angus M. Thom, as Secretary of the Baie des Chaleurs Railway Company, be ordered to produce all the books of the Baie des Chaleurs Railway Company in his custody as secretary thereof.

8. That it be ordered that all papers and documents produced under this order be placed in the custody of the Secretary of this Commission with power to counsel to inspect the same from time to time.

Quebec, 8th October, 1891.

(Signed)

J. S. HALL, Q. C.

T. CHASE CASGRAIN, Q. C.

The president announced that the Commission would meet for the prosecution of the inquiry on Wednesday, the 14th inst., at 10 A. M., that the Commission would thereafter sit from day to day from 10 o'clock to 4 o'clock, with an hour for recess, except on Saturday afternoons and Mondays.

The president further announced that the decision of the Commission on the points raised would be communicated to counsel in time to enable them to act accordingly with reference to the next meeting of the Commission.

The Commission then adjourned.

(Signed),

L. LAFLAMME,

Secretary.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable **LOUIS A. JETTÉ**, Judge of the Superior Court, the Honourable **LOUIS FRANÇOIS GEORGES BABY**, Judge of the Court of Queen's Bench and the Honourable **CHARLES PEERS DAVIDSON**, Judge, of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

3rd SITTING

On the fourteenth day of October, in the year of Our Lord one thousand eight hundred and ninety one.

PRESENT :

The Honourable Mr. Justice **LOUIS A. JETTÉ**, president.

" " **LOUIS FRANÇOIS GEORGES BABY**,

" " **CHARLES PEERS DAVIDSON**,

Commissioners.

Honourable Mr. Justice Jetté :—

Before commencing the proceedings with which we have been entrusted, I consider it my duty to declare, on my own behalf and on behalf of my colleagues, that we undertake the inquiry without any bias, without prejudice and firmly determined to simply perform our duty, without passion and without weakness.

In accepting the not very agreeable mission entrusted to us, we did not conceal from ourselves that we risk a large part of the reputation for impartiality which he may have acquired, in being chosen for such a delicate matter. But we thought that by bringing to the conduct of this inquiry the habits of our judicial functions, that is to say the calmness and equanimity, indispensable to the exercise of the duties of a magistrate, our services would be all the more valuable the more political passions are excited and irritable.

We will therefore endeavour to be on our guard against such passions and excitement and we are happy to state that our acquaintance with the counsel who are engaged in this inquiry assures us that we will have their assistance and support in the accomplishment of our task. Assisted and enlightened by them, we are convinced that we will attain the end we have in view.

Whatever may be the decisions which we will be called upon to render during the course of this inquiry, whatever may be the proceedings we will adopt, we are well aware that we cannot please every one, and any unpleasantness which may await us will not at all astonish us. We have already a foretaste of this, for two of us yesterday received anonymous letters. But we are not surprised at this, for, as we sometimes receive such as judges, still more should we expect to receive them as Commissioners, especially in an affair of this nature. Fortunately, we know what such acts are worth and we need trouble ourselves no further about them.

I may be allowed to add that, during the two first sittings of the Commission, many expressions of opinion were given and many declarations made which, through not contested or contradicted by the Commissioners, should not however be considered as accepted or approved of by them.

The counsel who appear before us must have the greatest liberty in the exercise of their functions in the interest of those whom they represent, but their sayings are binding only upon themselves and upon their clients. There was an expression, however, which I must specially notice and I do not hesitate to say that it did not receive our concurrence. We wish to believe that that expression was uttered unintentionally and we cheerfully make allowances for him by whom it was used, but we deem it our duty to declare that it was wrong to say that the Commission was to be under the control of the Executive. That is not the way we understand the duty that we have to perform, and we have to say that the Commission may be revoked but it shall not be controlled. We wish to be independent of every interest, of every passion and to do our duty rigorously and impartially.

Two applications were made at the last sitting of the Commission.

The first relates to the procedure to be followed in the conduct of the inquiry. We promised to acquaint the counsel in advance of our decision on this point. That is what we have done by addressing the following letter to them :

“ In accordance with what they announced at their last sitting, the Commissioners deem in their duty to inform you that they will conduct the inquiry themselves, always allowing the counsel representing either the ministers, or the electors or other persons whose interest shall be recognized by the Commission, to put any question or cross question that shall be deemed pertinent, and also to produce witnesses, provided that the opportunity and necessity of such additional proof have been previously established.

The counsel may have free access to the documents filed with the secretary of the Commission during the inquiry.”

The second application is in connection with the appearance filed by Messrs. Cook, Hall and Casgrain.

Objection was taken as to the form of the appearance.

We consider the objection well taken and this is our decision on this point :

The Commissioners upon the application of Messrs. Cook, Hall and Casgrain, advocates and Queen's Counsel, for leave to appear on behalf of Messrs. Villeneuve and Murphy, both members of the Legislative Assembly of this Province, order that such appearance be received.

But considering that the third paragraph thereof, which is in the following terms :

“ It is not disputed that a large sum of public money passed a few months ago into the hands of a gentleman, who had apparently no legal or moral claim to it. This is practically conceded by the First Minister in his correspondence with the Lieutenant-Governor. The whole facts connected with this public transaction form one of the main objects of the inquiry. It is clear that possibly blame of a more or less grave character may attach in consequence, not alone to that gentleman referred to, but also to one or more high public officers connected with the Executive Government of this Province, and this in a manner places those gentlemen in the position of having their acts and conduct impugned.”

Contains allegations that can not be allowed in a document of the nature of a simple appearance.

It is ordered that such third paragraph be struck and removed from the said appearance and considered as not having been produced.

There is a final question of procedure which may arise, and I desire to call your attention, Mr. Béique, to the terms of the appearance which you produced.

You declare that you appear for the Government.

We desire to know what is the meaning of and what the extent you give to the word "Government," whether it includes the Lieutenant-Governor or merely the ministers.

Mr. Béique :—

This is the mandate which I hold, and which I think will answer the question put to me by the Honourable Commissioner.

QUEBEC, 29th September, 1891.

Gentlemen,

I have the honour to request you to represent the Government before the Royal Commission, composed of the Honourable Justices Jetté, Davidson and Baby, charged with making an inquiry into and to report upon the facts and circumstances which have preceded, accompanied, given rise to and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company, and I shall be at your disposal to give you all the necessary information.

Be pleased, &c.,

HONORÉ MERCIER,

Prime Minister."

If the Commissioners desire it, I can file this letter of record, although it seems to me that it would be sufficient to file my appearance and, until I am disavowed, I am deemed to hold the mandate which is contained or implied in the appearance which I have made in writing.

Hon Mr. Justice Jetté :—

We give you acte of your declaration on the subject of the production of this letter, reserving to ourselves the further consideration of the matter, if necessary.

We understand that you use the expression : " The Government " in its constitutional sense.

Mr. Béique :—

Constitutional, certainly.

Hon. Mr. Justice Jetté :—

And not in his popular sense.

Mr. Béique :—

In its constitutional sense.

Hon. Mr. Justice Jetté :—

I must state that, in our opinion, we understand that the word " Government " means Lieutenant Governor and his ministers.

We want also the original letter book in order to take communication of the letters sent since the 1st July 1890. We ask the Commission then to give an order to that effect, that they be brought here.

Hon. Mr. Justice Jetté :—

I think that you are told; You may have everything that concerns the matter. The original documents will be submitted to the Commissioners, who will decide to have copies made if necessary, which copies will be left here.

Mr. Béique :—

As to the Orders in Council, the custodian of the Orders in Council is sworn, and he may be asked to produce such Orders in Council. We have no objection thereto.

Hon. Mr. Justice Jetté :—

Mr. Grenier, I suppose is, able to give us the various Orders in Council which will be asked for. Those are the two orders 237 and 238 and then 488 and 606. Can you give us these.

Mr. Grenier :—

Yes, Sir.

Hon. Mr. Justice Jetté :—

I understand that Mr. Grenier signed the letters of credit as deputy Lieutenant-Governor

Mr. Grenier :—

No, sir, the waraants.

Mr. Casgrain :—

Will the Commission allow me, before the examination of this witness is commenced, to make a suggestion. We intend to suggest to the Commission to require the witnesses who are now here and who are to be heard hereafter not to be present at the hearing of the other witnesses. I understand that Mr. Grenier is a witness who will certify only as to matters of procedure, of form. As to the other witnesses, we would suggest, in the public interest, that those who are here and are to be heard, leave the court room, as is the case before the ordinary courts of justice.

Hon. Mr. Justice Jetté :—

The Commissioners are not favorable to your application, Mr. Casgrain. We are not a court in the first place and secondly the facts that will be stated here already before the public, are already printed, or will be printed every morning in the papers and all the witnesses may take cognizance thereof. It seems almost impossible to exclude and we do not see the practical utility of excluding the witnesses from the court when the evidence is given. All the witnesses are persons who are very well posted as to what has been done.

GUSTAVE GRENIER, of the City of Quebec, clerk of the Executive Council of the Province of Quebec, aged forty-four years, being duly sworn upon the Holy Evangelists, doth depose and say :

Mr. Justice Jetté :—

Q. You are the depositary of the documents in your custody and are the guardian hereof and consequently of the Orders-in-Council adopted by the ministers with the concurrence of the Lieutenant-Governor ;

A. Yes, Sir.

Q. You are able to produce and we require you to produce before the Commission the two Orders-in-Council bearing the numbers two hundred and thirty-seven (237) and two hundred and thirty-eight (238), of the month of April eighteen hundred and ninety-one (1891), the Order-in-Council number four hundred and eighty-eight (488) of the third October eighteen hundred and eighty-nine (1889), and the Order-in-Council number six hundred and six (606) of the twenty-third November eighteen hundred and eighty nine (1889) ?

A. Here are the Orders-in-Council numbers two hundred and thirty-seven (237) and two hundred and thirty-eight (238) which I produce as **exhibits No. 1 and 2**. As my opponent mentioned only these two Orders-in-Council, I have only these two, the others could be ready this afternoon, I think.

Q. Are you the depositary of any other document concerning this matter ?

A. No, Sir.

Q. In any case, you are the depositary of the correspondence exchanged between the Prime Minister and the Lieutenant-Governor ?

A. No, Sir.

Q. Can you tell us who is the depositary of that correspondence or if it is to be found in any particular department ?

A. I could not say.

Q. Would you be the depositary of any Order-in-Council whatever which had been adopted or passed when the Prime Minister left the Province to go to Europe and which appointed the Honourable Pierre Garneau as Prime Minister *ad interim*, and Provincial-Treasurer *ad interim* ? Is there an order-in-council to that effect ?

A. I could not say from memory.

Q. If such a document exists will you produce a copy ?

A. Certainly.

The counsel of the Government declare that they have no cross-question to put to the witness.

By Mr. Casgrain :—

Q. You stated a moment ago that you had signed warrants ?

A. Yes, Sir.

Q. When ?

A. I could not say from memory.

Q. Of what warrants are you speaking ?

A. There were two for \$175,000 (one hundred and seventy five thousand dollars.)

Q. On what occasion ?

A. No particular occasion, I signed warrants every day.

Q. Was it in connection with letters of credit ?

A. I can not remember that. Every warrant is accompanied by a recommendation when it comes from the department, which recommendation is signed by the auditor and the assistant treasurer; this is a voucher which remains in the department.

Q. Was there one warrant or two?

A. If I remember rightly there were two.

Q. One for \$75,000 (seventy five thousand dollars) and the other for (\$100,000) one hundred thousand dollars?

A. Yes, Sir.

Q. Who has these warrants?

A. They are in the Treasury?

Q. And the recommendations also?

A. No.

Q. You keep the recommendations?

A. Yes.

Q. Do you remember if it was in the month of July, April or May that these recommendations and warrants were signed?

A. I could not say; but each recommendation is dated.

Q. I wish to know if there is an Order in Council appointing you deputy of the Lieutenant-Governor or if you are appointed by an order issued by the Lieutenant-Governor himself.

Q. There is an Order in Council.

Q. That is the only authority under which you act as deputy of the Lieutenant-Governor?

A. Yes, and there is a commission.

Q. And the commission is, as one might say only a consequence of the Order in Council?

A. Yes.

Q. In connection with the Baie des Chaleurs matter, in connection with the present inquiry were there any other Orders in Council?

A. No, Sir, I do not think so.

Q. You can say, can you not, that there is no other Order in Council in connection with the matter now publicly known as the Baie des Chaleurs matter either respecting the investigation or inquiry which is now going on here?

A. I do not remember. There is of course the Order in Council appointing the commission.

Q. Apart from that?

A. I do not think so.

Q. Are you not certain?

A. I could not be certain without referring to my books.

Q. Well, I ask you to refer to your books and when you return here with the Orders in Council which you were asked for, I wish you to be in a position to state if there is any Order in Council respecting the Baie des Chaleurs matter since the appointment of this Commission and what that order is and to produce it?

A. I will do so.

Q. You have produced the Orders in Council numbers 237 (two hundred and thirty-seven) and 238 (two hundred and thirty-eight)?

A. Yes.

Q. Did you make the copies?

A. No, Sir.

Q. You compared them ?

A. Yes, Sir.

Q. You swear that they are true copies of the original documents as they are in your department under your custody ?

A. Yes, Sir.

Q. There can be no mistake about it ?

A. No, Sir.

Q. Can you tell me who wrote the original drafts of the Orders in Council numbers 237 (two hundred and thirty-seven) and 238 (two hundred and thirty eight) ?

A. No, Sir, I think they are in type-writing ?

Q. Did you ever write the original drafts yourself ?

A. No, Sir.

Q. Are you positive in stating that that which is in your department to day, either as a draft or as the Order in Council itself, is in type-writing ?

A. I think so.

Q. Will you when you are heard again, be in a position to state fully if the Orders-in-Council as they now are in your department are in type-writing and secondly if there is not at the same time a draft of these Orders in Council in your department and to state also if you can in whose handwriting these drafts are ?

A. Yes. I will do so.

By Mr. Béique :—

Q. You were asked if the Orders in Council numbers 237 (two hundred and thirty-seven) and 238 (two hundred and thirty-eight) were the only ones connected with the Baie des Chaleurs Railway and the inquiry which is now going on ; I call your attention to the fact that the question is double. As to the Baie des Chaleurs Railway there must have been other Orders in Council than the two in question.

A. Since.

Q. Previously ?

A. Yes.

Q. You had in your mind that they were speaking to you of Orders in Council respecting the present inquiry ?

A. Yes.

Counsel for Mr. Pacaud declines to question the witness.

The deposition of the witness is adjourned *sine die*.

CHARLES N. ARMSTORNG, of the City of Montreal, Contractor, being duly sworn on the Holy Evangelists doth depose and say :

Hon Mr. Justice Davidson :—

Q. Where do you reside, Mr. Armstrong ?

A. In Montreal.

Q. What is your occupation ?

A. Railway contractor.

Q. You have been a railway contractor for a number of years ?

A. Ten or eleven years.

Q. When did you first, and in what manner, become connected with the Baie des Chaleurs Railway Company ?

A. I entered into a contract with the Company, I think, in the month of June, 1886, for the construction of one hundred miles of the railway between Metapedia and Paspébiac.

Q. Have you a copy of that contract with you ?

A. I have not. I was not asked to bring any papers at all. One of them is filed at Ottawa.

Q. Before what notary was it passed ?

A. Kitson. I am not sure whether it is Kitson or Ready, but one of the firm of Kitson & Ready.

Q. Perhaps you can in general terms state the purport of the contract ?

A. The contract was for the construction of one hundred miles under a detailed specification to be done in accordance with the contract between the Company and the Federal Government. The contract was to be carried out under certain detailed specifications, and also in conformity with the specifications of the contract between the Company and the Federal Government.

Q. To what hundred miles of this railway do you refer ?

A. To the one hundred miles between Metapedia and Paspébiac, which were the hundred miles under subsidy from the Dominion Government and the Quebec Government.

Q. Perhaps you might state at once between what points it was intended to construct this railway ?

A. The line extended as far as Gaspé Basin.

Q. From what point ?

A. From Metapedia—a distance of one hundred and eighty miles—eighty miles further than the limit of my contract.

Q. And Metapedia, if I am not mistaken, is a point on the Intercolonial Railway ?

A. It is the point of junction between the Baie des Chaleurs Railway and the Intercolonial Railway.

Q. What was the total proposed length of the railway, total proposed length ?

A. About one hundred and eighty miles.

Q. What was the price you were to receive and how was it to be paid.

A. I was to receive twenty thousand dollars per mile. I was to be paid the whole of the subsidies granted or to be granted by the Government or municipalities and the balance in first mortgage bonds of the Company.

Q. What cash payments were you to receive so far as the Government subsidies were concerned ?

A. The whole of the Government subsidies.

Q. But there was a fixed sum mentioned in your contract ?

A. No, there was an uncertainty at the time as to what the Quebec Government subsidy would amount to in cash.

Q. But you were to have the \$6,400 then at the disposal of the railway on account of the subsidies voted by the dominion government ?

A. That was a cash subsidy, but the local government subsidy was a land subsidy. The Federal Government subsidy was a cash subsidy of \$6,200 per mile.

Q. Six thousand four hundred dollars ?

A. No, sir, \$6,200. It was three hundred thousand dollars for the first twenty miles of the road, and the ordinary subsidy of three thousand two hundred dollars per mile on the whole hundred miles, which makes an average of six thousand two hundred dollars per mile on the one hundred miles. The local government grant was one of 10,000 acres of land per mile, which, at that time it was understood would be converted into cash. There was no certainty what it would amount to, but whatever it was, it was to be paid to me.

Q. Was there any subsequent conversion of this land subsidy, and if so, to what extent, to what amount ?

A. The whole of the subsidies of land granted were converted at the pleasure of the Company at the rate of seventy cents per acre, of which thirty-five cents would be paid in cash as the work progressed and the other thirty-five cents when the Government sold and were paid for the land, which was very indefinite. In regard to this special subsidy later on, perhaps two or three years afterwards, the subsidy belonging to the eighty miles between Paspébiac and Gaspé was also converted and the thirty-five cents cash belonging to that section were exchanged for the second thirty-five cents payment which belonged to the previous section of eighty miles ; thereby giving the Company seventy cents an acre or seven thousand dollars in cash per mile for the eighty miles beginning at the twentieth and ending at the hundredth mile.

Q. I imagine that you are not able to give in detail the various statutes or Orders-in-Council grounded upon them which have led up to this doubling of the subsidies ?

A. No, I had nothing to do with that. I was not an official of the Company. I was simply a contractor and had nothing to do with the conversion.

Q. Apart from the \$6,200 in cash and the balance in bonds of which you have spoken was there any other consideration included in your contract with reference to your acquiring a share in the franchises of the Company ?

A. In addition to that upon the completion of the work I was entitled to receive one-half of the capital stock of the Company.

Q. Upon what were the estimates to be based, and did your contract include specifications and prices upon which your monthly estimates would be based ?

A. You see I was not paid by monthly estimates at all. I would receive the subsidies when the Government paid them : but, with the view of making my financial arrangements, later on I found it would be necessary to get from time to time certificates from the Company of the amount of work done by me. In order to establish the relative cost of the sections of the line, the quantities having been ascertained a list of prices was prepared to bring out the total cost of \$20,000 in accordance with my contracts, and certificates were given me from time to time of the amount of work done and upon the prices fixed in that estimate.

Q. Within what time was your contract to be completed ?

A. Well, I cannot remember. I think three years I had in the original contract.

Q. The Company was to take possession on the 1st July, 1888?

A. If I was allowed to refer to the contract, I could fix the date. The contract speaks for itself.

Q. It would be more convenient to have this fixed by you in your evidence. What action did you take upon the execution of this contract, Mr. Armstrong?

A. I gave a sub-contract first of all to a firm by the name of MacDonald, O'Brien & Co^r for the construction of the greater part of the work on the first twenty miles. The work was commenced almost immediately.

Q. You refer to the first twenty miles. Is it not a fact that at this time there were contracts in existence with the Dominion Government with reference to these twenty miles?

A. The contract existed between the Dominion Government and the Company, the ordinary subsidy contract. The Dominion Government had previously asked for tenders for the construction of that twenty miles, but the tenders received were so much larger than the amount appropriated for the purpose that they did not enter into the contract at all. They then made an arrangement with the Baie des Chaleurs Railway Company for the construction of that as part of their line, and the amount of \$300,000 voted by the Government for the construction of that twenty miles was transferred to the Baie des Chaleurs Railway Company in consideration of their building it. The \$300,000 voted for the construction of that 20 miles was transferred to the Baie des Chaleurs Railway Company and formed part of the subsidy to be received by them. I afterwards gave a sub-contract to the firm of MacGregor, Kennedy & Co., for the subsequent 10 miles—miles 20 to 30; the following section, 30 to 40, I constructed myself, giving small sub-contracts to parties; from the 40th to 60th mile I gave the sub-contract of to H. MacFarlane; 60 to 70 I was doing myself when the work stopped, there being nothing done beyond that, excepting surveys.

Q. How long did the work by these sub-contractors and by yourself continue?

A. It continued for about three years or a little over.

Q. Well, did your connection as principal contractor of the railway company continue?

A. Yes, it continued till last April, when I transferred all my rights to the new Company; I gave a discharge to the Company, and cancelled the contract.

Q. At what date did Henry Macfarlane intervene?

A. In 1888... With reference to the first 60 miles of the railway there was some work remaining to be done on the first 40 miles, which by his contract he was to complete, and he was also to build twenty miles of new work from miles 40 to 60.

Q. You state that by his contract it was incumbent upon him to do further work on the first 40 miles?

A. He was to complete the first 40 miles.

Q. You state he was sub-contractor for you? from the 40th to the 60th mile?

A. He was sub-contractor for me from the 40th to the 60th mile: that was 20 miles of new work; but in addition to that he was to complete what was not finished on the first 40 miles.

Q. When you speak of having given out a sub-contract for the section from the 40th to the 60th mile, do you refer to the contract passed between you and him on the 8th June 1888?

A. Yes, that is the only contract.

Q. I understood you to mean that when your own contract was executed, you forthwith gave this to him as a sub-contract

A. No, that was done two years after my contract. I forthwith gave a sub-contract to MacDonald & O'Brien for twenty miles. It was two years after that I gave the contract to Macfarlane.

Q. Your first connection with MacFarlane dated from the contract of the 8th June 1888?

A. Yes, Sir.

Q. It was not passed before a notary?

A. No.

Q. Have you a copy of that contract?

A. I have no copy here. There was a copy filed in Ottawa. I expected that all these papers would be produced from the Ottawa evidence.

Q. Where can the original be found?

A. I think the original is in court, filed in an action between Macfarlane and the Baie des Chaleurs Railway Company and myself.

Q. Was it not signed in duplicate or triplicate?

A. That was signed in triplicate.

Q. Can you inform the Commission where any one of these originals is to be found?

A. I think one of the originals was.....

Q. Or any copy that you would be able to swear to?

A. I have no doubt that I can produce a copy. I don't know whether the Company has a copy or not, but it undoubtedly can be procured.

Q. You undertake to produce a copy of that contract?

A. Yes, Sir, I am prepared to do so.

Q. You may state, Mr. Armstrong, for the immediate information of the Commission the general purport of this contract?

A. He was to construct the 20 miles in accordance with the terms of my contract with the Company and of the contract between the Company and the Government to the full satisfaction of the Government engineers, and he was also to complete the first 40 miles in the same manner to the satisfaction of the Government engineers. On the 20 miles there was a detailed schedule of prices that he was to be paid for each class of work.

Q. Relating to what?

A. Relating to the twenty miles—the new work to be done by him. On the 40 miles he was to be paid the actual cost of doing the work, with a percentage I think of 5% added for the materials purchased by him and of 12½% upon the labor expended in doing the work.

Q. And interest?

A. Whatever interest he had to pay to the bank for the money so expended.

Q. Was there any security given to him in relation to these promised payments?

A. There were subsidies of the Federal and Local Governments payable in cash that were transferred to the Ontario Bank in Montreal as trustees, to be paid to him as the work progressed. They advanced him money for the purposes of the work.

Q. Why did it become necessary to replace MacDonald and O'Brien as to the first 20 miles, MacGregor and Kennedy as to the third ten miles, and yourself as to the fourth ten miles by this general contract, covering the whole of the forty miles?

A. MacDonald, O'Brien & Co., did not fully complete their work, and the contract with them was cancelled at the end of the year 1886, and in the meantime a contract was given to MacGregor and Kennedy, and their work was just about completed—in fact, that was completed, fully completed. On the fourth 10 miles that I was working on myself, it was not completed at the time, and as it was very difficult to divide the work, it was thought best to allow the work to be done by Mr. MacFarlane; to allow him to complete it, so as the running of trains would not be interfered with.

Q. You will state, Mr. Armstrong, what, at the date of this contract, was your own financial position as regards the company?

A. Well, I had no position regarding them at all. I had nothing to do with them before I made this contract.

Q. At the time this MacFarlane contract was entered into what was the state of your account; had you been paid up, or were you their creditor?

A. No, there was a large amount due me, and there has been all the time since I commenced the work; a large percentage was to be kept back till the completion of the contract.

Q. Can you state the amount?

A. Not from memory. I could produce a memorandum later on.

Q. Please, do so. That is the amount due you at the time of entering into the contract with MacFarlane, in 1888?

A. Yes.

Q. It might be well, Mr. Armstrong, to produce and have in your possession here, for reference, in case of necessity, all your accounts showing the charges and payments in connection with this work. Is it possible for you to state from memory the approximate amount of the liability of the Company towards you at that date?

A. I would not like to state it from memory.

Q. What followed the execution of the contract with MacFarlane?

A. MacFarlane went on with the work in 1888. By his contract he should have completed by the 1st January, I think, the 1st January 1889. He did not do so but stopped work and resumed work in the spring of 1889, and went on very slowly with it until his failure in the fall of 1889. There was still a certain amount of work to be done by him at that time.

Q. I imagine that the company concurred in your giving of this contract?

A. They became a party to the contract and guaranteed the payment to Macfarlane of whatever sum would be due by me.

Q. You will state generally what difficulties, if any, arose after this date with respect to the progress of the work and with respect to your relations as regards Mr. Macfarlane or with respect to your relations as regards the Company?

A. There were no difficulties during that time, or, in fact, at any time between the Company and myself. Mr. Macfarlane did not proceed with the work rapidly enough to have completed it within the time of his contract, and in the early part of October, 1888, a freshet occurred, which damaged and partly carried away a bridge, and at that time there were several other bridges which should have been completed or about completed had MacFarlane carried out his contract punctually; some of them not having been commenced even, the Company, thinking there might be difficulties unless the bridges were made larger than had been originally intended, made up their minds to have them made larger, particularly as the work had not been commenced on some of them. There was some difficulty between the Company and myself as to the conditions upon which this work should be done. MacFarlane refused to go on with one of them upon my orders to do so, and the season then was so far advanced that practically it was impossible to complete it that fall, and the matter was left over till the spring.

Q. The spring of what year?

A. The spring of 1889. Then in 1889 MacFarlane refused to go on with that work unless I furnished him with the superstructure of these bridges—that is the iron work on the bridges—I claimed that under my contract with him it was he who was obliged to supply them and refused to supply them. Later on MacFarlane was behind hand with his pay to his men. He was unable to get further advances from the Ontario Bank, and the men stopped work.

Q. You refer to the spring of 1889?

A. Well, at that time it was pretty well in the summer or early in the fall of 1889. I think it would be probably August or September. I don't remember exactly. I saw the Ontario Bank myself two or three times and urged upon them to advance him enough money at all events to let him pay the men who were remaining unpaid. They declined to do so, and the Local Government used a certain amount which was in their hands, and which would have been payable to the Ontario Bank, and paid the men with it as far as it went.

Q. To what amount do you refer as having been at the disposal of the Local Government?

A. It was a matter of about \$28,000.

Q. To whom do you state the Local Government paid this?

A. They paid it to the workmen along the line.

Q. Was that the sum of money as to the application of which the Ontario Bank protested?

A. Yes, complaining that it ought to be paid to them on the transfers made by MacFarlane in their favor—made by me in favor of the Bank as trustee for MacFarlane. Subsequently a demand of assignment was made upon MacFarlane...

Q. What followed the payment of this money? Did it enable the work to be continued?

A. No, the work was not continued. There was not enough to pay the men in full. There was still a balance due, and MacFarlane being in difficulties and shortly after having been forced to assign, the work came to a complete stand still.

Q. To whom did he assign?

A. To Riddell and Watson, accountants, of Montreal

Q. At what date, if at all, did work on the railway stop?

A. I don't think there was any work done after September unless perhaps some little trifle of work.—September. 1889.

Q. Certainly not by you?

A. Well, I think I did some work as late as October 1889 on the miles 60 to 70. In fact, there was some work done even later than that. There was work done there in the winter by me, quarrying, getting out stone. That probably went into January or February or perhaps March 1890; but that was simply working in the quarries.

Q. Was the road or any part of it at any of these dates so far completed as to be of public service?

A. Certainly, the 60 miles were almost entirely completed, and were in first class running order. The sub-contractor, MacFarlane, ran regular trains there during, I think, two or three months for the accommodation of the public. They were running at the time of the stoppage of the work.

Q. For the accommodation of the public?

A. Yes, sir. The road was fully equipped with the necessary locomotives, first and second class cars, baggage cars—full equipment.

Q. When did this public service end and for what reason?

A. It ended with MacFarlane's failure or perhaps a short time before his assignment, for he got into difficulties and he could not go on with the work and the trains were stopped.

Q. Unless I am mistaken, he came to be, and in fact, was in possession of the railway up to that date under the terms of his contract?

A. Most undoubtedly.

Q. Was no effort made afterwards to continue the service?

A. No, Sir, not to my knowledge.

Q. How long did this state of affairs, of which you speak as having existed either in the autumn of 1889 or spring of 1890, continue?

A. There was no work done during the year 1890 at all. In the spring of 1891 the Company took proceedings to obtain possession so as to be able to go on with the work themselves, as MacFarlane was totally unable to do it, and as a year had elapsed without anything at all being done. They had very considerable difficulty in obtaining the necessary orders to get possession; and I think there were probably a couple of months lost in their endeavors to obtain possession. They finally did so, and a contract was entered into with responsible men with large means, who immediately commenced to work and have been working very vigorously ever since.

Q. What date was this?

A. Well, I think possession was obtained perhaps in the early part of July. I had nothing to do with these proceedings, but I think it was some time in July.

Q. What year?

A. Of this year.

Q. Did you ever possess or acquire under the terms of your contract any part of the franchises of the Company?

A. No, Sir, not in connection with my contract at all.

Q. Did you in any way?

A. I purchased shares from another shareholder at the time of going into the contract; but it had nothing to do with the contract itself.

Q. To what extent were you shareholder in the old company ?

A. I purchased shares to the extent of \$75,000, but I did not receive the whole of them.

Q. Do you refer to the par value ?

A. I refer to the par value, certainly.

Q. At what cost ?

A. At the cost of the par.

Q. Did I understand you to say that you paid \$75,000 in cash for these shares ?

A. No, \$50,000 in cash and \$25,000 in bonds.

Q. From whom did you acquire them ?

A. Robert McGreevy.

Q. At what date ?

A. Well, I am not sure of the exact date ; but it was shortly before entering into the contract with the Company in 1886.

Q. What is the present position of that original company ?

A. Well, there has not been a change in the Company ; simply a change in the shareholders and contractors.

Q. Are you still a shareholder to that extent ?

A. No, Sir.

Q. You have sold out ?

A. Yes, Sir.

Q. To whom ?

A. I transferred stock at different times. I couldn't say exactly to whom without referring to my books.

Q. Where are the books of the Company ?

A. They are in the possession of the Company, I suppose.

Q. Who is the secretary ?

A. Mr. Angus Thom.

Q. Where does he reside ?

A. In Montreal.

Q. Where is the head office of the Company ?

A. The head office of the Company under the old charter was at Quebec ; under the new charter I think it is at Montreal.

Q. Between the dates of your original contracts and the date of your contract with MacFarlane did your claim against the Company increase or diminish ?

A. I had no claim against the Company at the date of my original contract : any claim that I obtained against them was under the contract. Certainly they owed me more than I made the contract with Macfarlane than when I made the contract with them.

Q. I must state I put my question in a form I did not intend. Did your claim against the Company increase or diminish from the date of MacFarlane's contract ?

A. It has been increasing all the time : every mile of railroad I built increased my claim against the Company.

Q. After MacFarlane's contract was entered into, were payments made to you ?

A. No payments were made to me by the Company excepting those received from the two governments, and a small amount of bonds, some fifty thousand dollars, which were paid to me in 1889.

Q. Well, will you produce a statement shewing the state of your account, as it was after MacFarlane's contract and up to the date of your giving a discharge ?

A. You mean a running account.

Q. In a general way ? We would like to know specially what payments were made to you, and from what sources, so far as you may be aware of them, these payments came ?

A. As I have already said there were no payments made to me excepting subsidies transferred to me or to the sub-contractors on my account, and the one payment of bonds.

Q. What the Commission would wish is that this statement should run up to the date at which the new company came into existence, or at least, up to the date the transfer of the franchises was made to the present management.

A. My connection with the old company ceased then, and I have had no transactions with the company since.

Hon. Mr. Justice Jetté :—

Q. We want a full statement of your claim at the time the new company was reorganized ?

A. I had ceased to have any connection at that time. I had till about a week before the reorganization.

Q. Very well, that is the time when you settled ?

Hon. Mr. Justice Davidson :—

Q. If I understand rightly, Mr. Armstrong, financial difficulties increased and continued to increase during the progress of Mr. MacFarlane's work ?

A. No, not during the progress of his work, but after he ceased to work.

Q. Did he not cease to work in consequence of financial difficulties existing during the progress of the work ?

A. Those difficulties were his own, but not mine or the company's.

Q. Do you claim to have made to him all the payments which were due to him in due course and in due time ?

A. Certainly.

Q. Had you any complaints to make as to the manner in which you were paid by your principals with reference to the whole work ?

A. No.

Q. Not at all—not up to the date that you abandoned work ?

A. No, Sir.

Q. What made necessary the putting of the company under the present management ?

A. The company and I were unable under the circumstances to find the necessary means of continuing the work, particularly on account of MacFarlane's claiming possession, and our being unable to put any person else who would do the work in possession.

Then came difficulties late in the fall owing to an act being introduced and being passed by which the charter of the Company could be taken away—could be cancelled. It was impossible under these circumstances for the Company to raise money at all ; so they then thought it best to try and make arrangements with some person else and they

approached me with a view making a settlement with them, accepting a much smaller sum than what I would be entitled to if the work would go on, and with the view of their being able to make financial arrangements. I agreed to that, and I afterwards found out that they were negotiating with Mr. Macdonald and Mr. Cameron for the purpose of transferring their rights.

Q. To what MacDonald do you refer ?

A. J. J. MacDonald and Hector Cameron, Q. C., of Toronto.

Q. Is this the same MacDonald who was a sub-contractor of yours ?

A. No, Sir.

Q. Where does he reside ?

A. He did reside at that time in Quagwash, Nova Scotia.

Q. Where is he now ?

A. I don't know, I have not seen him for some years. Mr. O'Brien resides in Renfrew, Ontario. Negotiations went on for quite a while.

Q. From what date ?

A. I cannot tell when negotiations were commenced between the Company and Messrs MacDonald and Cameron. I think it was in August that the Company approached me with reference to a settlement—in August 1890. I think it would probably be some time in September that Mr. Cameron first spoke to me about it. These negotiations continued then until January or the beginning of February, 1891.

Q. Previous to August 1890 had you not been aware of the negotiations between MacDonald and Cameron ? Did you not, in fact induce them to take an interest in them ?

A. I was not even aware the negotiations were going on with them in August.

Q. I understood you to say that you first became aware of these negotiations in August 1890 ?

A. No, Sir ; the company first approached me in August 1890, as they were negotiating, but they did not tell me with whom. I had nothing to do with the negotiations. I first heard of it from Mr. Cameron himself, who asked me whether the Company were in a position to transfer all my rights in connection with that contract. This was in September 1890. It might be October, it was in the fall, at all events, of 1890.

Hon. Mr. Justice Jetté :—

Q. Did they want to settle with you before making an agreement with MacDonald and Cameron ?

A. They wanted to know how they could settle with me.

Hon. Mr. Justice Davidson :—

Q. What claim had you against the Company ?

A. My claim then was the same as a few months after ; there was nothing done in the mean time. It was in the neighborhood of \$300,000 or rather over.

Q. Can you produce a copy of the claim ?

A. They had a certificate given by their engineer. They could state themselves what was. I had some claim for extras, which I had no memorandum of ; but they could tell

near enough to arrive at a compromise, particularly as I was asked to take very much less than the claim.

I have the original This was the original filed at Ottawa and afterwards returned to me.

Witness produces memorandum.

Q. Is this the original document ?

A. Yes, Sir. The document was made in duplicate: the Company may have a copy and I have a copy.

Q. Where do you state this document was produced ?

A. Before the Railway Committee of the Senate at Ottawa.

Q. Filed before the Committee ?

A. It was in their possession, two or three weeks, and I got it back, and they kept a certified copy of it.

Q. Did you also take back all other documents, whether originals or copies ?

A. No, Sir, they refused to give them. When I filed that I filed it on condition that it should be returned, and I had a good deal of trouble to get it.

Q. What does this account show ?

A. It shows a balance of \$298,943.62.

Q. At what date ?

A. The 22nd April, 1891.

Q. I notice that there is an erasure in the margin and on the face of the document. Were these made at this date ?

A. The writing at the foot is my writing: and when I produced the statement to the Company, Mr. Riopel, the Managing Director altered the words. He struck out the word "due" of the wording as I had put it. It reads: "We certify this amount, \$298,943.62, as due to C. N. Armstrong in accordance with the terms of his contract with the Company signed at Quebec, April 22nd, 1891, R. J. Riopel, Managing Director, L. A. Robitaille, Secretary-Treasurer."

They struck out the word "due" before signing that.

Q. You drafted this certificate for the purpose of getting the Company's signature ?

A. Yes, Sir; and Mr. Riopel struck out the word "due" and put "This is a correct statement of the work done and remaining unpaid" to C. N. Armstrong in accordance with the terms of his contract."

The difficulty was this that according to my contract the company had a right to retain a certain amount until the completion of the contract, so that strictly speaking, it was not due to me at that date, though I had earned it, and that statement, as he states, was a correct statement of the work done and remaining unpaid.

Hon Mr. Justice Jetté :—

Q. It was due but not payable ?

A. Yes.

Q. It was earned but not yet payable ?

A. Yes part of it.

Hon. Mr. Justice Davidson :—

Q. Can you file this document.

A. No: I will allow a copy to be taken of it. I may state that Mr. J. C. Langelier has a copy also.

A copy is produced and filed as **Exhibit No. 3.**

Q. As a matter of fact, Mr. Armstrong, was the amount stated in this statement, \$298,943.62 due to you at that date?

A. Yes, there was really more than that; because I had certain plant and material down here that were not put into the statement, as I was accepting a much smaller amount and I did not care about going into other details. I could have added at least forty or fifty thousand dollars to that.

Q. Was there any further sum of thirty or forty thousand dollars in connection with the subsidy due you?

A. I give credit there for the full amount of the subsidy transferred to me, but \$31,000 of the subsidy payable by the Federal Government is not paid yet: they retain it for work remaining undone.

Q. Which you hope to receive?

A. It is transferred to the Ontario Bank in connection with the MacFarlane contract.

Q. When paid it will be to your advantage?

A. Well, unless judgment is given in favor of MacFarlane.

Hon. Mr. Justice Jetté :—

Q. But this amount of \$31,000 is added there?

A. I have given credit for that amount: that should be \$329,943.62.

Hon. Mr. Justice Davidson :—

Q. Can you state for how long a time this had been overdue?

A. It is due to me since the stoppage of the work. I think the last certificates I have put were dated January 1890.

Q. So it was due to you in January, 1890?

A. Yes, Sir, and had been due for fifteen months before the settlement was made.

Q. Within that interval, Mr. Armstrong, had you made efforts more or less earnest to secure collection of this amount from the Company?

A. Well, I had no right to demand the payment of that in cash: it was payable in bonds.

Q. To what extent?

A. To the full extent over and above the Government subsidies. As the Government subsidies were received by me, they would be credited on account of that.

Q. Perhaps you might be able to put that into figures?

A. When I bring a statement here, I will try and make that as clear as possible.

Different attempts had been made for the purpose of placing the Company in a position and myself also, to realize upon that amount and also to go on with the work, but there was a way something came in to prevent the consummation of these negotiations, so that when the Company approached me in the month of August to make a settlement I was obliged to do it as the best way of getting out of the whole matter.

Q. Did you make a statement at that time as to what amount you would be prepared to take in settlement of your total claim of \$298,943.62 and if so, how much?

A. The statement shewing \$298,943.62 had not been prepared at that time but we took the round amount of three hundred thousand dollars without making an actual

statement. The Company told me they would have to make a great sacrifice to be able to get any one to take hold of the enterprise in the shape in which it was. Then I agreed to take \$75,000 from the Company and give them a discharge, that is, there were some \$25,000 due by me in connection with the work which they would pay, and give me the balance of \$50,000. That was virtually a cash payment of \$75,000; for I would have had to pay these accounts anyway.

Hon. Mr. Justice Jetté :—

Q. That was in August 1890 ?

A. I think it was in the latter part of August. It might be the beginning of September at all events about that date.

Hon. Mr. Justice Davidson :—

Q. With whom was this agreement made ?

A. I gave a letter to Mr. Riopel, the Managing Director, to that effect.

Q. Have you a copy of it ?

A. I think I have.

Q. You might produce it ?

A. I will take a note of it and produce it afterwards.

Q. Was there a reply ?

A. The reply was only verbal. It was not a positive agreement : it was just a proposal and I left it open to them for a certain time. I think there was a time mentioned. I am not sure of the exact date ; at all events, it was not to remain open long.

Q. You say there was to be a payment of \$50,000 in cash ?

A. \$75,000 cash. Because these other payments were to be made immediately.

Q. Do I understand you then clearly to say that at that time you were prepared to receive \$75,000 in liquidation of the claim of \$300,000 ?

A. Yes, Sir.

Hon. Mr. Justice Jetté :—

Q. And this proposition was made to the Company to remain open for a few days ?

A. I forget, I think probably it was thirty days. I don't know that the time was mentioned : at all events, in the conversation which took place I understood they would be in a position within a few weeks to close the matter.

Q. How long did this offer continue before the Company was open for their acceptance ?

A. Well, it practically remained that way till the month of January. Afterwards, I became aware that there were negotiations going on, and I did what I could to help on the negotiations, though I was not a direct party in it.

Q. Did you at any time withdraw your proposition ?

A. No, Sir, I did not. I think once I threatened to withdraw it if the matter was not closed ; but it looked from week to week as if the matter would be concluded.

Hon. Mr Justice Davidson :—

Q. Deal fully with what occurred previous to this proposal. Did you otherwise than with reference to the Company make efforts to secure a settlement of your claim? Did you apply to the Government or any department of the Government or any officer of the Government with respect to the payment or handling of the subsidies?

A. I had nothing whatever to do with the Government: they would not recognize me.

Q. That is not an answer to my question.

A. Well, I never saw them about it; because it would have been impertinent on my part to do so.

Q. Then if I understand you, this matter stood from August to January, saving the conversation which you had with Mr Cameron, open to the acceptance of the Company?

A. I had a great many conversations with Mr. Cameron and some also with Mr. MacDonald.

Q. Did you propose to acquire, or, as a matter of fact, did you acquire any interest in their negotiations with the company?

A. None whatever.

Q. At no time?

A. At no time. I told them the first time that Mr. Cameron spoke to me about it that their business was to negotiate with the Company. I had made my arrangements with the Company and they knew what they had to pay me.

Q. And you neither shewed nor had any interest in the negotiations?

A. I shewed an interest, because I was anxious to have the thing completed one way or the other: it dragged so long.

Q. Between August and January did you make any approach to the Government with respect to the subsidies or payments thereof, or to the interference of the Government in any way?

A. I spoke to the Premier, Mr. Mercier, once with reference to the payment of that

Q. Claimed by the Ontario Bank?

A. Claimed by the Ontario Bank. I saw Mr. Mercier in Montreal at the Government office, and Mr. Mercier told me at that time that an Order-in-Council was passed the day before, and he was going to pay the men, and he could not recognize me in the matter, or the Ontario Bank.

Q. Can you give the date of the interview?

A. Well, Mr. Mercier, told me the Order-in-Council was passed the day before, so if you fix the date of the Order-in-Council, you can fix the date of the interview.

Hon. Mr. Justice Jetté :—

Q. You do not remember exactly?

A. I think it was in the month of October 1889.

Hon. Mr. Justice Davidson :—

Q. There is a mistake as to the date, because we are referring to occurrences which took place between August and January, 1890?

A. I say the only time that I spoke to any of the ministers with reference to the payment of subsidies was in connection with that payment, and that was in 1889, at the time of MacFarlane's stoppage of work. It had nothing whatever to do with the negotiations with Cameron and MacDonald; it was the year previous.

Q. What occurred with respect to these negotiations in January, 1891 ?

A. Well, after meeting Mr. MacDonald and Mr. Cameron several times, there was a final meeting arranged, and it was understood the matter was to be closed. I think it would be about the end of January. I was sent for by Mr. Riopel to come down, as it was expected to close the matter.

Q. To come down where ?

A. To Quebec, here. I came down. I met him, Mr. MacDonald and Mr. Cameron. Mr. MacDonald wished us to go down to his lawyer's office, Mr. Irvine's office, to draw the agreement. Mr. Riopel suggested that before they went down they should clear up and understand what the agreement was going to be. Mr. Cameron then went over what was considered was the basis of the agreement, but when they came to the amount, Mr. Riopel at once said that that was not the amount agreed upon, and then Mr. MacDonald refused.

Q. What amount was stated, and to what did it refer ?

A. It referred to the amount to be paid by the company to MacDonald and Cameron. There was a difference of \$25,000.

Q. What was the amount to be paid, and what was the express purpose of the payment ?

A. The purpose of the payment was to obtain full control of the company and of the enterprise.

Q. That is, by a transfer of shares ?

A. A transfer of shares, and also a transfer of all my rights to MacDonald and Cameron.

Hon. Mr. Justice Jetté :—

Q. A substitution of a new company for the old company ?

A. The old shareholders would transfer their shares, and I would give a discharge for the claim I had against the Company.

Hon. Mr. Justice Davidson :—

Q. What was the total amount ?

A. I think the amount MacDonald was willing to pay was \$250,000, and the amount demanded by Mr. Riopel was \$275,000 ; at all events, there was a difference of \$25,000.

Q. How large a part of this was supposed to be assigned by the payment of claims against the old company ?

A. That I know nothing about, excepting the \$75,000 I was to be paid.

Q. It included your \$75,000 ?

A. Yes.

Q. Then what occurred ?

A. Mr. MacDonald refused to accede to these terms, and said he would have nothing more to do with the matter, and we all separated.

Q. Can you determine the date of this interview, Mr. Armstrong ?

A. Well, I might be able, perhaps, by seeing at what date I was at the hotel. I think it was at the end of January or beginning of February.

Q. You might by the afternoon be able to give the date ?

A. I might possibly.

Q. You kept no memorandum of this conversation ?

A. No, nor any other.

Q. Your remembrance is that the negotiations ended because MacDonald offered \$250,000 to the old company, and Riopel wanted \$275,000 ?

A. Mr. Riopel took the stand that they had agreed to this amount.

Q. In any event that caused the breach?

A. That caused the breach. There was also another cause, with reference to the payment of claims on the line.

Q. You might state what it was?

A. Mr. Riopel wished them, MacDonald and Cameron, to take the responsibility of those claims. They refused to do that, and in that case it might be that there would not have been a dollar left for the shareholders at all. It might have taken the whole amount to settle the claims and left nothing whatever to the Company.

Q. In a word, MacDonald and Cameron wanted to take over the stock clear of all liabilities, leaving the settlement of those liabilities to the shareholders going out?

A. Yes, Sir.

Q. Are we to understand that all the negotiations as between the Company and MacDonald and Cameron ended at this date?

A. Yes, Sir.

Q. Completely?

A. Completely. To my knowledge there was not another word between them after that.

Q. Do you know if this agreement was the subject of written negotiations?

A. I never saw anything in writing at all. I don't think it got that far.

Q. And you state MacDonald and Cameron were to retain this payment until they saw the liabilities discharged?

A. That I don't know. I had nothing to do really with the negotiations between them and the Company. I happened to be present at the interview.

Q. Had the Quebec Government anything to do with this?

A. Not to my knowledge.

Q. Did you call the attention of any member of the Government to it?

A. Certainly not.

Q. Or the attention of any person on behalf of the Government?

A. No, Sir.

Q. Then what followed? Were you idle? Did you stand idle after this?

A. When I found the Company could do nothing, I thought I would take a hand myself and see what I could do.

Q. Is it to be understood, Mr. Armstrong, that this was the first time that you determined, to use your own expression, to take a hand in the settlement of the matter?

A. Well, it was not the first time, because I had previous to the month of August, in fact, during the year I had made several attempts, but, as I explained before, unsuccessfully.

Q. But these did not go beyond pressure on the Company?

A. No; I made efforts outside to get capital interested in the matter.

Q. Tell what you did?

A. Well, the condition of affairs had in the meantime been very much improved by a vote of the Legislature of 800,000 acres of land converted into \$250,000 in cash.

Q. At whose instance had this action of the Legislature been procured?

A. That I cannot say. It was not at mine.

Q. Not at all?

A. No, Sir. All I knew was that the statute was there, granting \$280,000 for the purpose of paying the claims and enabling the construction of the line to go on and be completed.

Q. Was it not at this same session, Mr. Armstrong, that a concurrent statute was passed giving to the Lieutenant-Governor in Council, power to cancel the charter of any railway Company?

A. Yes, Sir, it was passed the same time.

Q. Earlier in your examination you stated that this latter statute destroyed financially the ability to continue; and now, you state, that the Company's position was largely improved by this statute: perhaps you might explain the apparent contradiction?

A. It was not the Company's position. My understanding of it was that the Government was desirous of getting some new blood into the enterprise. They were not satisfied, as I understood it, with the people constituting the Company and they were prepared, providing responsible people came in, to grant this sum of money, if they got the necessary guarantees that the debts would be paid and the road completed..

Q. Does this cause of action on the part of the Government appear on the face of the statute, and, if not, how did you become aware of it?

A. I became aware of it by reading the Debates and what took place in the Legislature at the time of the vote and at other times when the Baie des Chaleurs Railway was the subject before the House for discussion. I also knew it from other sources. I heard it from different people.

Q. Are you aware of the relations existing between the old Company and the Government—were they friendly or otherwise?

A. They were decidedly unfriendly.

Q. Why?

A. Well, there had been reports made by the members of the government in connection with the action of the Company. There had been speeches made in the House directed against the members of the Company and directors which showed they had no confidence in them at all events.

Q. Can you point to a date when these strained relations began, or assumed a serious condition?

A. I think they began some time in 1889.

Q. From what cause?

A. I think the first official act was in connection with the report made by Mr. Charles Langelier with reference to the cause of the stoppage of the work and of certain strikes on the line of the railway. I think that was the beginning of it. There may have been something before that I am not aware of.

It went on during the year 1890 and culminated in the passing of the Act enabling the Government to cancel all charters.

Q. You stated that you were much encouraged by the granting of the subsidy of eight hundred thousand acres to the railway and increased your efforts to effect a settlement. What efforts did you make?

A. I was satisfied then that responsible people could be got to take hold of the enterprise and carry it through satisfactorily.

Q. Had you any particular persons in view at the time ?

A. I had one person in view that I was going to first in connection with it ; of course I had a great many others, because I was satisfied that there were many people who would be willing to go into it.

Q. Did he become ultimately connected with the railway ?

A. He did.

Q. Who is he ?

A. James Cooper, of Montreal.

Q. You might describe him ?

A. He is a railway supply merchant. I have had business relations with him for eight or ten years, and I knew that he had means and the friends he had with him would certainly be in a position to carry out the enterprise.

Q. Was he a creditor of yours ?

A. He was a creditor for a small amount. He was a creditor of Mr. Macfarlane's for a considerable amount.

Q. Well, what was the result of this application to him ?

A. Mr. Cooper was absent in England at the time and was expected back shortly. I first mentioned the matter to his confidential man Mr. Angus Thom.

Q. Do you refer to the present secretary of the railway ?

A. Yes, Sir.

Q. Is he still in the employ of M. Cooper ?

A. Yes. I laid the matter before him ; he looked upon it favorably and said that as soon as Mr. Cooper, who, at that time was expected in a few weeks, would arrive, he would lay the matter before him ; and he asked me not to see any one else during that time as he was satisfied Mr. Cooper would be glad to take it up.

Q. What date was this ?

A. That would be in February of this year (1891) on Mr Cooper's arrival.

Q. Did you do anything in the meanwhile ?

A. That was the time of the General Elections and I was busy elsewhere.

Q. That is not an answer to the question ?

A. I did nothing in connection with this matter. Mr Cooper arrived, I think on the day of the General Elections and I think I saw him the next day—about the sixth or seventh of March. I laid the matter before him as I had done before Mr Thom on the sixth or seventh of March.

Q. Can you fix the date precisely ?

R. I think it was the sixth. I think it was the day after the General Elections.

Q. What statement did you make to him ?

A. I stated in a general way that there was a sum of two hundred and eighty thousand dollars which had been voted for the purpose of paying the claims and completing the line.

Q. You refer to the amount which would represent the conversion of eight hundred thousand acres of land ?

A. Yes Sir. I said that my claim could be settled for about one hundred and eighty thousand dollars and that the other one hundred thousand dollars would probably settle all other claims, which would leave the original subsidies clear for the construction of the forty miles remaining.

Q. Did you include in the one hundred thousand dollars, the amounts which had to be paid to the old shareholders of the Company ?

A. No, Sir.

Q. How was that to be provided for?

A. They had to provide that themselves, whoever would become the new shareholders.

Q. That is they would acquire control of the Company free of all liabilities which would disappear by the application of these public funds, and the only amount which they would have to pay would be for the stock of the old shareholders?

A. Exactly. For the purpose of acquiring full control, I told them that the amount which I thought would have to be paid would be seventy-five thousand dollars.

Q. Did you also tell him that you had offered to settle for seventy-five thousand dollars?

A. I did not tell him that at that time. I think though that they were aware of it previously. I think Mr. Cooper was.

Hon. Mr. Justice Jetté :—

Q. Were you still disposed to accept that amount?

A. No, I was not, because the position was very different. When I agreed to accept seventy-five thousand dollars, that two hundred and eighty thousand dollars was not the case.

Q. That improved your hopes of a better settlement?

A. Certainly; it was a valuable asset.

Hon. Mr. Justice Davidson :—

Q. When did Mr. Cooper become aware of the fact that you were prepared to accept seventy-five thousand dollars?

A. I say it is probable that he was aware of it in the previous autumn when I was negotiating with the Company; because I was in business relations with him all the time and was seeing him every day almost, and it is quite probable that I told him at the time that I did it.

Hon. Mr. Justice Jetté :—

Q. Did you withdraw your offer to the Company as soon as you saw this new subscription was to be voted?

A. No, because I considered myself in honour bound to carry it out if they carried out their obligations. They in good faith had begun their negotiations on the strength of my offer and I did not wish to act in bad faith with them, but the moment Mr. MacDonald refused my offer I considered myself free.

Hon. Mr. Justice Davidson :—

Q. At this moment were you quite determined to press for the payment to your personal advantage of one hundred and eighty thousand dollars?

A. I mentioned \$180,000 as the round amount, because it left the round amount of \$100,000. My intention was to demand \$175,000.

Q. For your own personal advantage?

A. Yes, Sir.

Q. What followed this. Did anything further occur at this interview?

A. I had several interviews.

Q. At this interview did anything further occur?

Q. I think they told me to find out what the old shareholders could be bought out for.

Q. Anything else? You are expected to tell all that occurred at the interview?

A. Well, I had so many interviews with them that it is difficult to tell what took place at any particular interview.

Q. I understand you to say then that at this interview no expense was referred to saving the payment of \$180,000 to you and \$100,000 for current claims and such amounts as the old shareholders might demand?

A. Nothing further, and that amount I suggested as being \$75,000.

Q. You made no reference as to any incidental expense which would accompany the payment of any sum?

A. No, sir, none whatever.

Q. Did Mr. Pacaud's name occur at that interview?

A. I cannot say whether it did or not. I think his name was mentioned in some of the interviews as acting for me in this matter.

Q. Previous to that date?

A. If you are referring to the interview of the 6th or 7th of March, I had not seen him before that date.

Q. You stated you saw him in the autumn previous?

A. Mr. Pacaud had nothing to do with that.

Q. Let us complete as far as possible the details up to this date. On that date or previous to it had Mr. Pacaud's name been referred to?

A. His name had not been referred to in connection with this matter previous to that date, the sixth or seventh of March. I don't know that it was referred to on that particular date; possibly it was only a day or two after, because we had a great many interviews during the next four or five days in connection with this business.

Q. Had you previous to this date been in communication with Mr. Pacaud?

A. I had seen Mr. Pacaud. I had been in communication with him very often before that.

Q. With respect to these negotiations?

A. No, the first time I saw him was the same day as the negotiations were broken off with Messrs Macdonald and Cameron.

Q. When next did you see him?

A. I saw him several times after that. I cannot fix the date exactly. There was no special reason to see him until after I had seen Mr. Cooper and ascertained that he was in a position to carry out the enterprise.

Q. I think you approached Mr. Cooper with the proposition that he might form a syndicate?

Q. Well, of course, through my intervention. I was the means of forming the syndicate but I had nothing whatever to do with the syndicate.

Q. Was his answer satisfactory?

A. Yes.

Q. Did he sympathize with the project?

A. Yes, at once.

Q. How large a creditor was he at that time of MacFarlane?

A. I think between \$18,000 and \$19,000.

Q. And was it hoped that any claims of MacFarlane would be paid off?

A. He certainly understood he would be paid his claim.

Q. What steps did you take to form the syndicate ?

A. I took no steps to form the syndicate, Mr. Cooper took them then. He associated with himself several other parties.

Q. Who ?

A. James Williamson, of Montreal, warehouseman ; James P. Dawes, brewer Lachine ; William Ewing, of Cantley, Ewing & Co., woollen merchants, Montreal ; Cooper and Mr. Thom, and Mr. William Cassels ; Mr. M. S. Lonergan was afterwards elected one of the directors. He was their solicitor. I don't think he had anything to do with financial part.

Q. He is now a director ?

A. He is solicitor of the company I understand, with a seat on the Board of Directors.

Q. Mr. Thom was authorized, as their agent, to act for them in the matter ?

A. Yes, the moment that I found the Government were prepared to treat with the syndicate, Mr. Thom was put in communication with them, and afterwards carried on negotiations.

Q. What steps did you take to secure this information with respect to the approval or sympathy of the Government ?

A. I first of all asked Mr. Pacaud the day that the interview took place with Mr. MacDonald and Cameron when negotiations were broken off with them...I told him I was sorry it was broken off and was anxious to see something done, and I asked him whether he thought the Government would entertain a proposal from another syndicate if I got good syndicate together. I wished him to enquire about this. He said he thought that if responsible people would undertake to do what was necessary to be done under the statute the Government would be favorably disposed towards them.

Q. Why did you put this question to Mr. Pacaud ?

A. Well, I knew he was in a position to obtain information. He had been acting as agent for MacDonald and Cameron in the other negotiations, and I thought he was the person to apply to.

Q. How did you know that ?

A. I had been informed so, both by Mr. MacDonald and Mr. Cameron.

Q. Did you personally know what part he took in these negotiations ?

A. No, Sir.

Q. Were you a personal acquaintance of the members of the Government ?

A. Most of them ?

Q. In what Department did the administration of such matters lie ?

A. The Department of Public Works.

Q. Who was the minister ?

A. The Honourable Mr. Garneau.

Q. Did you know him ?

A. Yes, Sir.

Q. Did it occur to you to apply for information yourself personally ?

A. No, Sir, it did not. I thought I could do it better through an agent.

Q. Were you in Quebec at any of these times that you have alluded to ?

A. I was in Quebec when I first spoke about it to Mr. Pacaud.

Q. Why had you this belief that you could do it better through an agent ?

A. I had had other transactions before and they had been carried out satisfactorily by Mr. Pacaud. I knew he was in the confidence of the Government. He was a sort of agent.

Q. You yourself had not been in the habit of personally transacting business with the Department ?

A. Oh ! I had several—where I had an official capacity or where I had a status, but in this case I had not. I was not an official of the Baie des Chaleurs Railway Company at all and had nothing to do with the Company.

Q. Why had the approval of the Government to be sought ?

A. It lay entirely with the Government as to who they should pay that \$280,000 to. It was not voted to the Company at all.

Q. The Government had simply to be satisfied that the parties undertaking the work were responsible persons ?

A. Yes, and to give the necessary guarantees to the satisfaction of the Lieutenant Governor in Council.

Q. Did you make a statement, written or otherwise, as to the position of these parties ?

A. No sir, I did not. I think they satisfied the Government themselves. That was not a part of my business.

Q. But you stated you went to Mr Pacaud for that very purpose of communicating the names of the parties and ascertaining their standing ?

A. Excuse me, I did not say that. I said I went to Mr Pacaud to know whether the Government would be prepared to treat with a syndicate of responsible parties, I knew of no names at the time and was not authorized to mention any names. It was preliminary to my trying to have a syndicate formed.

Q. Where did that interview take place and on what date ?

A. It took place in the St. Louis Hotel here in Quebec. If I am able to fix the interview with MacDonald and Cameron, it is the same day in January or February of this year.

The sitting was adjourned until 2 o'clock P. M.

2 o'clock in the afternoon, 14th October 1891.

Mr. Armstrong continued to testify as follows :

Hon. Mr. Justice Davidson : -

Q. Mr. Armstrong, before the adjournment you stated that you had consulted Mr. Pacaud because you thought he might better than yourself carry on the negotiations with the Government. I would like you to state the exact nature of the negotiations to which you refer.

A. I wished Mr. Pacaud to find out whether the Government was prepared to treat with the syndicate that I would get up for the purpose of carrying out the contract. That was what I wished him to find out.

Q. That was simply an inquiry ?

A. Yes Sir : you asked what I wanted him to find out.

Q. I asked you to define as fully as possible the nature of the negotiations ?

A. As soon as he ascertained that the Government was prepared to treat with another party I asked him to go on with the negotiations. The negotiations between the Government and the parties that would take up the work.

Q. Were there any further negotiations done then? Was not this money to be paid upon the Government being satisfied as to the responsibility of the parties?

A. There was to be a great deal done before the Government was satisfied.

Q. Had Mr. Pacaud been secured in these negotiations as between the Company on the one side and Mr. MacDonald on the other?

A. No Sir, between MacDonald and Cameron and the Government.

Q. Between MacDonald and Cameron and the Government?

A. Yes Sir, between MacDonald and Cameron and the Government.

Q. Do you personally know the nature of his connection with that transaction?

A. No Sir, I do not know personally

Q. Was it your purpose to carry out the same arrangement that he had with them?

A. That was what I intended doing.

Q. What was that arrangement?

A. Well, I don't know exactly what that arrangement was. I have heard different versions of it.

Q. How could you determine to carry it out without knowing the purpose?

A. I understood a certain amount would have to be paid, but the amount was varied according to different people.

Q. What did you believe it to be?

A. I understood it was \$75,000.

Q. Which were to be paid?

A. Which were to be paid to Mr. Pacaud.

Q. By whom?

A. By MacDonald and Cameron.

Q. For what reason or purpose?

A. For carrying on the work for them,—acting as their agent generally.

Q. From whom did that information come?

A. I got it first from Mr. Cameron.

Q. Did any conversation up to this time take place between you and Mr. Pacaud?

A. Not as to terms. I simply asked him whether he would be prepared to act for me in the same manner as for McDonald and Cameron. His reply was that he could not do that until he was told what they would do.

Q. At that time did you tell him the arrangements were off?

A. It was at the same time that MacDonald told me that the arrangement was off. I asked him whether he would act for me, and he said he could not until he knew MacDonald was off.

Q. Was your request accompanied by the statement that the other negotiations were off?

A. Well, I was not sure on that ground.

Q. What followed then in order of time.

A. I think then I did not communicate with Mr. Pacaud until I knew that Mr. Cooper would undertake the forming of a syndicate. I asked him then whether he had a decision from Mr. MacDonald, and his reply was he had not yet. That would be about the 6th or 7th of March. I saw Mr. Pacaud two or three days after that.

Q. Where do you see him ?

A. I think I wrote him then.

Q. Have you a copy of your letter ?

A. No, Sir.

Q. Keep any copy ?

A. No.

Q. From where did you write ?

A. From Montreal, and addressed it to Quebec,—to *L'Electeur* office. I asked him whether he had any decision from MacDonald, as I then felt sure I could get a syndicate together and would be in a position to carry out the work.

Q. What was his answer ?

A. That he had not any answer.

Q. Was that in writing ?

H. Yes, it might be a letter or a telegram,—I don't know which.

Q. Have you preserved the answer ?

A. No, Sir.

Q. What then ?

A. The next thing was an interview I had with him in Montreal.

Q. What date ?

A. About the 12th of March.

Q. At whose request ?

A. I think I wrote him to find out when he would be likely to be in Montreal, and he replied he would be at the Windsor Hotel at such a time and I met him there.

Q. Does this correspondence explain itself ?

A. Well, he may have the telegram or the letter which I wrote him. I have kept no copy at all—

Q. You may state in the fullest possible way what took place at this interview at Montreal.

A. The interview was not very long. I told Mr. Pacaud that Mr. Cooper and Mr. Thom had had an interview with Mr. Mercier, who had arrived in Montreal, and had suggested to him the possibility of forming a syndicate to carry out the work.

Q. Were you present at the interview ?

A. No Sir, I was not. I was told so by Mr. Cooper and Mr. Thom. I asked Mr. Pacaud if he had had his reply yet from MacDonald, and he said no. He was very much surprised. He had telegraphed him several times, but could get no reply.

Q. Well ?

A. As he was unable to see Mr. Mercier that evening to get information, I suggested that I would go on the train the next morning that they were on, leaving by the train for New York, and he could give me a reply then.

Q. What time did Mr. Pacaud go to Montreal ? With whom too did he go up ?

A. I think he came up alone as far as I know. The ministers had come up previously.

Q. Where did this interview take place ?

A. At the Windsor Hotel.

Q. Where were the ministers stopping ?

A. That I don't know.

Q. Was there anything further which took place save and except the putting of this question as to whether he had heard from MacDonald ?

A. No Sir, I only saw him for a few minutes.

Q. When ?

A. The next morning on the train...

Q. What train ?

A. The Delaware and Hudson train leaving Montreal at 7 in the morning for New-York

Q. Who was upon the train ?

A. Quite a large number of people. There was Mr. Mercier and his party going to Europe and several others going to New-York.

Q. State whom ?

A. I didn't see them all. The ministers were in a private car, that is, I think most of the ministers were.

Q. Give their names.

A. I think the Premier, Mr. Sheyhn, Mr. Langélier, Mr. Robidoux, and I think Mr. Boyer was there too, and Drolet was there, and in fact there was a large number of other people in the party I didn't know.

Q. Were you in the official car ?

A. No, Sir.

Q. Was Pacaud ?

A. He went into the official car and came back afterwards.

Q. For what alleged purpose ?

A. To see whether the government would be likely to entertain the proposition made by Mr. Cooper on behalf of the syndicate. I understood Mr. Cooper had sent a proposition of some kind or a letter of enquiry to the Premier the evening before. I wanted to ascertain whether it was likely to be acceptable to the government and whether it was worth while going on with the negotiations.

Q. Proceed ?

A. I only saw Mr. Pacaud for a moment as the train was approaching St. John's, just for a moment, but he said that if the syndicate gave the proper guarantees to the Government it seemed likely that they would accept them as the proper parties to carry out the work. He was still without any reply from Mr. MacDonald, however, so I could get nothing definite from him until he knew that that took place. He wrote out a telegram at St John's, asking me to send it to the Hon. Mr. Irvine, who was counsel for Mr. MacDonald, to find out whether he had heard anything yet from Mr. MacDonald, and to try and get an answer and send it to him at the Brunswick Hotel in New-York. I sent off the telegram on my arrival in Montreal.

Q. Did you keep a copy of it ?

A. I have got the original. It was written in a hurry on a piece of an envelope.

Witness here produced the telegram in question.

Q. Please read it.

A. " Hon. George Irvine, Quebec. Please wire me at the Brunswick, New-York, Mac's answer about Baie des Chaleurs. If anything new answer. He has preference, but I would not like to miss the chance." I signed it for him " Ernest Pacaud." It was on the 13th of March.

Q. Who wrote out this telegram ?

A. It is in Mr. Pacaud's handwriting. The telegram was written by me. (Telegram filed as Exhibit No. 4.)

A. The date is in my handwriting and the initials "E. P." are in my handwriting.

Q. Did you know to what the words referred "I would not like to miss the chance"?

A. I thought he was anxious that the arrangement should go through.

Q. Why?

A. I suppose he had a good many reasons for it. As my agent of course he was anxious I should carry the thing through.

Q. That would not explain the words, Mr. Armstrong. Are you seriously giving that as a full answer?

A. I thought he was interested in having the matter go through.

Q. Up to this time had it been a question of terms between you and him?

A. Only that I would carry out the same terms that MacDonald would have carried out.

Q. There was no amount stated?

A. There was no amount stated up to that time. He would not talk of any amount until he knew he could deal with me, and he would not deal with me until he knew Mac was off.

Q. When did he refuse to talk of any amount?

A. From the very beginning.

Q. In consequence of what question on your part had this refusal resulted?

A. I asked him what his terms were, and he said it would be time enough to talk terms when he knew he could deal with me, and he could not until he knew that Mac was off.

Q. Now, do you refer to an interview which you had with him at Quebec on the day or day after this matter came up?

A. Yes, Sir, I do.

Q. Was there any discussion as to the terms?

A. I had mentioned it once or twice, but I always got the same reply. He would not do anything until he knew Mac was off.

Q. Go on. You left off your recital.....

A. He told me after giving me the telegram he would let me know from New York what answer he got to this telegram, and I think two or three days afterwards I got a telegram.

Q. Now you have stated fully all that took place between you and him at the Windsor Hotel, have you?

A. Yes, Sir.

Q. All that was important?

A. Yes, Sir,—in fact he didn't feel inclined to go into the details at all until he knew Mac was off. The interviews were very brief. A few days after I got a telegram asking me to go on to New York,—I think probably about three days after. It was either on the Monday or Tuesday following. The 13th of March I think was on a Friday, and I think it was on the Tuesday following.

Q. Have you the telegram?

A. No, sir, I didn't keep any of those telegrams at all.

Q. What request did it make?

A. I think it asked me to come on with one of the syndicate to New-York. I replied

at once I would come on with Mr. Cooper, but Mr. Cooper at the last moment was unable to go and sent Mr. Thom. Mr. Thom and I reached New-York the next morning, and I met Mr. Pacaud at the Brunswick Hotel and introduced Mr. Thom to him and also to the Hon. Messrs. Langelier and Robidoux.

Q. Unless I am mistaken at that time the Premier left for Europe ?

A. He left on the Saturday and I think it was on the Wednesday morning that we were there. The steamer sailed on Saturday, and this would be either the Tuesday or Wednesday following. Mr. Thom then had a conversation with Messrs. Langelier and Robidoux.

Q. In your presence ?

A. Well, not exactly in my presence. I was there a little distance, but I joined in the conversation afterwards.

Q. What took place ?

A. Mr. Thom said on behalf of the syndicate he was authorized to make an offer to the Government that for this \$280,000.00., if it was paid them, they would undertake to pay off the claims and complete the line. I think it was Mr. Robidoux who asked him what guarantees they would give. He said he was hardly prepared to say, but would make the guarantees perfectly satisfactory to the Government.

Q. That didn't include the whole of the conversation ?

A. No, they commenced the conversation when I was some distance off, but the conversation was very brief any how.

Q. They were to receive the \$280,000.00 and all the subsidies ?

A. Oh ! yes, of course the remaining subsidies belonging to the railway. The \$280,000.00 was voted to any person or syndicate that would undertake the work.

Q. And \$50,000.00 for a bridge ?

A. Yes, Sir, \$50,000.00 for a bridge. Mr. Thom was asked whether his syndicate would be prepared to close the matter immediately, in which case the ministers would return to Montreal and give them the opportunity of closing it, but if not they would have to wait three weeks before they could attend to the matter, and it was decided that the matter should remain until they returned. The syndicate in the meantime would complete their arrangements and be ready to close with them.

Q. Was Mr. Pacaud present at this interview ?

A. He was present with me at the beginning of the interview, but he was some distance away.

Q. At what hotel did you say ?

A. The Brunswick hotel.

Q. Who arranged the interview ?

A. I don't know of any particular arrangement beyond Mr. Pacaud's telegram to me. I knew they were at the Brunswick hotel and we went there.

Q. Well ?

A. I then spoke to Mr. Pacaud about the amount I would have to pay him.

Q. In New-York ?

A. Yes, Sir, and he told me it would be \$100,000.00, which I agreed to give.

Q. At once ?

A. Yes, at once.

Q. Without further question ?

A. There may have been a few words. I may have said I understood it would have

been \$75,000.00, but there was very little said about it anyway. It was all done in two minutes.

Q. Was there any discussion as to the nature or the extent of the services to be performed?

A. It was that the arrangement was to be carried through, and I knew exactly what the services were, provided the matter was carried through as proposed. I knew I would receive my pay from the Company and I would be at liberty to do what I pleased with it.

Q. Was it your belief that the time he would be occupied about it would be worth the money?

A. I didn't put it on the basis of time. It was more on the basis of influence than time.

Q. What influence?

A. Mr. Pacaud's influence.

Q. Of what nature was that?

A. Influence with the Government. I knew him to be in the confidence of the Government.

Q. Did you expect him to secure a contract that would be proper for the public interest?

A. I did not consider that it was improper in the public interest.

Q. Why if it was for the public interest did you pay Mr. Pacaud \$100,000.00, or agree to do so?

A. It was in my interest that I paid it.

Q. Why did you consider that it was to your interest to pay it?

A. I knew it was in my interest and I thought it was in the public interest that that agreement should have been made with that syndicate, and as to what proportion of my money I had to give to get it carried out I don't see how it affected them at all.

Q. I ask you why, if you were pressing a legitimate claim and the public interest was in accord with the settling of this agreement, you should feel it necessary to pay so enormous a sum as \$100,000?

A. It was clearly impossible to me that the full claim should be paid. When I made the proposition to the new syndicate I expected to get \$100,000, and I only expected to pay \$75,000, but still I had to pay \$100,000. It might have been very serious to me if the agreement was not carried out.

Q. But your claim was a legitimate one?

A. Yes Sir, it was a perfectly legitimate one.

Q. And the proposition made by this syndicate was in the interest of the public?

A. Yes, Sir.

Q. And you deserved to have your money. Now then will you tell me what moved you to promise to pay \$100,000, with all these elements existing?

A. My claim was payable in bonds, not in cash, and a great part of it only upon the completion of the line past Paspebiac. In the state it was in it was impossible to get anything. If I had not made an arrangement of some kind I would have been left out entirely and got nothing at all. Under these circumstances I thought it was necessary for me to do what I did.

Q. Do you believe, whether rightly or wrongly, that these proposals would not have been accepted unless you paid that \$100,000?

A. That is another question. I believed if that syndicate did not get that arrangement through I stood a very poor chance of getting my money.

Q. Well, these proposals were fair as regards the public ?

A. Yes, sir.

Q. Proper ?

A. Yes Sir.

Q. Why then should you pay \$100,000.00, to have that attended to ?

A. I have given my reason that if I did not do that I would not get anything at all. was already eighteen months getting nothing.

Q. But at this moment you had created a syndicate ?

A. Yes, Sir.

Q. Of unquestionable financial strength ?

A. Yes, Sir, they were.

Q. That being so, I have to ask you again why you considered it or what statement made it appear to be necessary to pay \$100,000.00 ?

A. I had no reason to know that the syndicate would be accepted.

Q. Why did you consider this step necessary. Was there any statement made to you

A. No, I made the proposals to Mr. Pacaud myself. I asked him whether he would act for me in the matter, using his influence and work and get the Government to agree to accept a proposition from a responsible syndicate to carry out the work.

Q. Was any statement made by him as to the nature of the services he had to perform

A. He knew perfectly well I understood what his services would be. There was no necessity of discussing that.

Q. Where did this conversation take place ?

A. The first one at the St. Louis Hotel.

Q. I am speaking about New-York.

A. At the Brunswick Hotel in New York. We were alone when that took place. Nobody heard us.

Q. Was it a private conversation ?

A. A private conversation.

Q. Did you communicate the matter to any person ?

A. No, Sir, I did not.

Q. To no person ?

A. To no person.

Q. Either directly or indirectly,—in whole or in part ?

A. No, Sir, neither directly or indirectly, in whole or in part.

Q. Was Mr. Thom by any means made aware of it ?

A. No, Sir, he was not.

Q. Or any of the directors ?

A. No, Sir.

Q. As far as you were aware this arrangement was absolutely limited to you and Mr. Pacaud ?

A. Yes, Sir, and I expected it would remain so too.

Q. You desired it to remain so ?

A. I had no particular desire about it. I did not care one way or the other. I had nothing to hide in the matter.

Q. I am to understand then that you were quite ready that the transaction should take place?

A. I didn't think it would become public. I certainly objected to making it public.

Q. Why?

A. Because I thought the transaction was a confidential one, and I had been treated in confidence in the matter.

Q. That was your only reason?

A. That was my only reason.

Q. And that was your only reason? No question of propriety or impropriety?

A. No sir, I considered it was a perfectly proper transaction for me.

Q. What followed then?

A. Mr. Thom and I returned to Montreal.

Q. That same day?

A. That same day.

Q. Were you alone? Did you leave Mr. Pacaud in New-York? And the others?

A. I think they left New-York before we did. I did not see them after ten o'clock that morning. We did not see them afterwards.

Q. Up to the time you left New-York, was there any statement made as to the proposed application of this money?

A. No, sir.

Q. So far as you were aware it was for the personal benefit of Mr. Pacaud?

A. He never said a word about it at that time as to what would be done.

Q. Have you any reason to believe otherwise?

A. All I have is a mere matter of opinion and that counts for nothing.

Q. You had no reason to believe by way of suggestion or otherwise that this money would be used for any other purpose than for the personal advantage of Mr. Pacaud?

A. Not a word was said to me about it at all.

Q. Had it been suggested to you from any other source that a payment of this or a like character would be expected of you?

A. Well, I have already said Mr. Cameron had spoken to me about what they expected to pay in the matter.

Q. Returning to Montreal what did you do?

A. There was nothing done. Mr. Cooper and Mr. Thom entered into negotiations with the Ontario Bank to see upon what basis our claim could be settled. There was nothing more that I had anything directly to do with.

Q. Well?

A. I had nothing further to do then until the return of the ministers to Quebec. I was passing through Montreal at the time, and Mr. Thom sent me a telegram asking me to meet him in Quebec. I came to Quebec.

Q. In the mean time had you seen Mr. Pacaud?

A. No Sir.

Q. Had you any understanding directly or indirectly about this payment of \$100,000?

A. No Sir, nothing in connection with that. I came to Quebec and found that Mr. Thom had been here for a couple of days and had an interview with the ministers.

Q. When did you come to Quebec?

A. That would be about the middle of April.

Q. You were to fix those dates by your books, Mr. Armstrong. Have you done so?

A. I went to the hotel after leaving here at one o'clock, and those books were locked up, and I could not get to see them until this evening.

Q. Be good enough then to settle the dates this evening.

A. I will Sir.

Q. You were proceeding to state that in consequence of a telegram sent from Quebec by Mr. Thom you left for this city.

A. I said the telegram was from Mr. Thom to go to Quebec. He told me he had interviews with the ministers, and I was to put in a written offer. He had a written offer prepared which he wanted me to go over with him. I did so.

Q. Were you put in possession of this draft?

A. I just saw it in his room.

Q. Had it in your possession?

A. No, Sir, I had not.

Q. Never?

A. Never: there were several things which were altered before it was finally agreed upon. I think he had it then done by type-writer and put in that form, in the form of a type-written document.

Q. Had an arrangement been arrived at with the old Company as you call it?

A. Arrangement with the old Company..... I got the offer from them at the time I began the negotiations with Mr. Cooper in March.

Q. To take \$75,000.00?

A. Yes, Sir. I got an option I think for forty-five days.

Q. Was that in writing?

A. It was in the shape of a telegram.

Q. Have you it?

A. I think I gave it to Mr. Cooper at the time. It was a telegram sent by Mr. R. from here. There had been an error in the telegram because the telegram said 70 and should have been 75. The error was made in the telegraph office. His telegram had been written 75.

Q. What happened?

A. Mr. Thom put in the proposition to the Government. It was, I understand, discussed in Council, and an Order in Council was passed accepting the proposal. Some days intervened before the Order in Council was passed.

Q. Your own terms with the Company had long ago been settled?

A. My terms were stated when I first arranged the matter. I said \$180,000.00, less \$100,000.00, for the other claims, but I had agreed to take \$175,000.00.

Q. What was the duty you were called upon to perform here?

A. Only to advise Mr. Thom. I was familiar with all the details connected with the company and Mr. Thom was not.

Q. Were you to have an interest in the new syndicate?

A. There was nothing at all settled. They thought of using my services afterwards but we never came to any arrangement about it. I have no status or interest or position of any kind in the Company now.

Q. Did this agreement include a complete discharge?

A. Yes Sir. Franchises of course were not mentioned in the transfer, but there was a cancellation of the contract and a transfer of all my rights under it. It was in the shape of a written document which I gave to Langelier, the commissioner, when I got settled. It is in the Ottawa evidence.

Q. The original?

A. I think the original was submitted by Mr. Langelier.

Q. It is filed with proceedings at Ottawa?

A. Yes Sir,—an exhibit there.

Q. When did Mr. Pacaud become aware of your presence in Quebec.

A. I think very shortly after my arrival.

Q. Did you send for him or did you go to him?

A. I may have telephoned him. I very often telephoned him in the morning shortly after my arrival. I think I probably telephoned him.

Q. On what date was the proposition of the Company finally reduced to writing and communicated to the Government?

A. I think the 17th of April.

Q. 17th of April?

A. Yes Sir, I think that is the date.

Q. I suppose before that communication was sent to the Government it was pretty well understood that the Government would accept it?

A. Mr. Thom's negotiations with them were carried on by himself. I never was present at any interview except once when I was in the ante-chamber. I was waiting there with Mr. Thom when one of the ministers came out and asked a question. Otherwise I never was there.

Q. Did you take any part in these negotiations?

A. No Sir.

Q. No part?

A. No part.

Q. You are aware that this proposal was accepted by the Order in Council produced here to day of date the 21st of April?

A. I have seen a copy of the Order in Council. (Order in question was here handed to witness.) Yes, that is the Order in Council.

Q. And the letter contained in the Order in Council is the letter to which you also refer?

A. Yes Sir.

Q. Did you await the passing of that Order in Council?

A. I did.

Q. Did you interfere in any way to promote its passage?

A. No, Sir, I had nothing to do with it at all.

Q. Did Mr. Thom request your assistance?

A. No, Sir, he never went further than to ask my advice in regard to the wording of his letter.

Q. The sole and only purpose of your visit to Quebec was to give assistance to Mr. Thom as to the details and as to your information of the business of the Company.

A. Beyond that the thing could not be concluded without my transferring my rights being paid.

Q. That was all arranged?

A. Yes, but it could not be concluded.

Q. The proposal might be made and the Order in Council passed?

A. Before that point Mr. Thom on behalf of the syndicate had to get the rights of the old shareholders. He had to satisfy the Government that his syndicate did control the enterprise and I was useful to Mr. Thom in that respect.

Q. Who spoke on behalf of the shareholders?

A. Mr. Riopel and Mr. Robitaille.

Q. Were you present at those interviews?

A. I was present at several interviews, I had an option for 45 days at a fixed price which was never changed.

Q. Was the result of these negotiations reduced to writing?

A. Which?

Q. Between the old and the new Company.

A. Nothing further than that telegram that I spoke of. They were paid when they transferred their shares. There was no necessity for any further agreement. I don't know of any agreement at all between the old and the new shareholders.

Q. Saving the information you gave Mr. Thom and your interference in these negotiations to promote them, you had no business here?

A. Well, getting paid. In connection with the passing of the Order in Council I had nothing whatever to do with it.

Q. Did you see Mr. Pacaud?

A. Yes Sir, I think every day.

Q. Confer with him in respect to it?

A. Yes Sir. I told him what I knew was going on.

Q. Anything further?

A. I don't think there was much said to him about anything else at the time. I was trying to get the thing settled as soon as possible. My option was expiring. The 45 days in fact had already expired the day the thing was consummated and I was anxious not to lose that contract.

Q. As I understand it neither directly nor indirectly did you interfere as between Mr. Pacaud and the Government?

A. No Sir, in no matter at all.

Q. Did you make any suggestion to Mr. Pacaud?

A. No Sir, I think not.

Q. Or ask his assistance?

A. Well I did not think his assistance was specially required in connection with this at all.

Q. Then up to this time he performed no services and was not expected to perform any services which would be a return for the \$100,000?

A. I don't think you can take it for granted he did not.

Q. What services had he performed?

A. He served as a go between to bring the parties together.

Q. You said that neither directly nor indirectly had you interfered in this matter?

A. I am talking now of a different time. Previous to this Mr. Pacaud had. He was the one who arranged the interview in New-York which was the starting point between the Company and the Government.

Q. Between that day.....about the 15th or 17th of March and this date, the 17th April what had he done?

A. Very little because there was no chance of doing anything. The ministers were all away.

Q. When did they return?

A. I think they got here about the 14th of April. Mr. Pacaud came here as soon as he heard they were here.

Q. Who were the ministers?

A. Present here?

Q. Yes.

A. There was the Hon. Mr. Garneau, Mr. Ross, Mr. Langelier, and Mr. Duhamel.

Q. Who was acting Premier?

A. Mr. Garneau, I believe.

Q. And holding what other office?

A. His regular office of Commissioner of Public Works.

Q. One whose department this business would come under?

A. Yes sir,.....Mr. Robidoux was ill at the time. I think he was only here after the Order in Council was passed.

Q. Who were the ministers absent?

A. I think the Premier, the Provincial Treasurer and Mr. Boyer I think was absent.

Q. What followed the passing of the Order in Council? Up to this time so far as you are aware Mr. Pacaud had no interview whatever with any member of the Government?

A. I would not say that. I know that I saw Mr. Pacaud several times with other members of the government.

Q. With respect to this matter?

A. I was not present at any interview, but I have seen him with Mr. Langelier for one hour that time.

Q. At the Department?

A. I don't think I have seen him at the Department with Mr. Langelier more than once or twice.

Q. Did you accompany him when you saw him there? or did you send him there?

A. No sir, I didn't send him there. I didn't give him any special instructions. He then told me what was going on, but I gave him no instructions.

Q. Between the 17th of March and the 17th of April did he make any reports to you?

A. He probably let me know a day or two before the 17th of April after the ministers had returned. He probably did.

Q. How?

A. Probably a telegram.

Q. Have you the telegram?

A. No sir, I have not kept any of his letters or telegrams.

Q. Do you recollect that as a matter of fact?

A. I am pretty sure he did let me know.

Q. Anything further?

A. Nothing further that he could tell me at the time.

Q. Did he make any statement as to his progress?

A. There could have been no progress until Mr. Thom on behalf of the syndicate came up.

Q. What followed the passing of the Order in Council?

A. There was some little delay as to the settlement of my account—the paymaster hadn't heard anything for some time and had been here some days and I asked him could not hurry matters a little. I understood there was some difficulty on account of money being scarce and that a letter of credit would have to be negotiated.

Q. Well?

A. A few days afterwards I was informed by Mr. Chrysostôme Langelier that he would be in a position to pay my claim if I had it properly certified by Mr. Thom.

Q. Had you ever pretended that this was a privileged claim?

A. I always did.

Q. For what reason?

A. I consider a contractor is entitled to be privileged. Mr. MacFarlane had possession of a portion under me.

Q. I understood he had complete possession?

A. On the sixty miles, but I had done work beyond that.

Q. Where did Mr. Langelier inform you of this and how?

A. At his office. I had been there several times enquiring how the matter was going along.

Q. Whose office?

A. Mr. Langelier's office.

Q. In the Government buildings?

A. Yes, Sir.

Q. Alone?

A. Sometimes alone and sometimes with Mr. Thom.

Q. And Mr. Pacaud?

A. I don't recollect ever going with Mr. Pacaud. I think I met him there once or twice. He came to see me I think. I have no recollection of going there with him.

Q. Did you request his help in connection with securing the money?

A. Yes Sir.

Q. Did he give it?

A. Yes Sir : I think he helped to get the letters of credit.

Q. I am speaking of times previous to the issuing of the letters of credit.

A. No Sir. I don't think there was anything special to be done. The moment the resolution in Council was passed I was sure it was all right.

Q. Up to that time Pacaud did not interfere as far as you know, nor did you ask for his interference?

A. I think once or twice I complained of things going very slowly. I may have asked him to hurry it up a little. I did not ask him to do any special thing because I did not know of any special thing that would help in a general way.

Q. Well, having been notified by Mr. Langelier that the money was ready what did you do?

A. I gave a receipt and signed a discharge.

Q. Something else must have occurred?

A. There was very little time lost when once he said he was ready to pay.

Q. Did you sign a receipt and give a discharge before you received the money?

A. Yes Sir : the first payments were made at the bank. Mr. Chrysostôme Langelier gave me the receipt. There is an exact copy which I filed here.

Q. That is the discharge you say?

A. The receipt is on the statement. This is how it reads :

“ QUEBEC, April 18th, 1891.

“ Received of Mr. J. C. Langelier, Deputy Provincial Treasurer, the sum of \$175,000.00 in full settlement of this account.

(Signed), “ C. N. ARMSTRONG.”

There was a discharge apart from that and a separate transfer, but that is the receipt for the money.

Q. Where is the transfer ?

A. It has been referred to a little while ago.

Q. Where is the transfer ?

A. It was given to Mr. Langelier as Commissioner.

Q. He has it ?

A. Yes, Sir. Either the original or the certified copy was filed at Ottawa,—I don't know which.

Q. What time of day did you sign this discharge ?

A. I think it was early in the afternoon.

Q. What steps did you take then ?

A. I waited then.

Q. I suppose you signed it on Mr. Langelier's official faith ?

A. On his personal promise that it would not be considered official until he paid the money.

Q. Can you state the time at which it was signed ?

A. No, I could not possibly, but I think it was early in the afternoon.

Q. Up to this time had Mr. Pacaud showed any impatience about the money not being paid ?

A. We both showed a good deal of impatience.

Q. What was the cause of his impatience ?

A. He told me he had amounts to pay, and was anxious to get the matter finished.

Q. When did he tell you that ?

A. It might have been a day or two days before the money was finally paid.

Q. Haven't you omitted something ?

A. Well, it is very difficult to remember everything. I have not kept a diary of these things and it is hard to remember everything.

Q. You think a day or two days before signing the discharge Mr. Pacaud showed some impatience ?

A. I was complaining about the delay and he said : “ I am mad about it too, because have a lot of payments to make.”

Q. Were you made aware of what these payments were ?

A. No, I was not. He showed me once a memorandum he had and I think he stated me where in the neighborhood of \$50,000.00. There were I suppose about ten names on his memorandum. I paid no particular attention to it.

Q. Did you see any of the names ?

Objected to by Hon. Mr. Irvine.

Q. At what time was this discharge signed.

A. I said I believed it was early in the afternoon.

Q. Can you state the time ?

A. Well, I couldn't state exactly.

Q. Having signed it did you leave?

A. No, I waited there for quite a while.

Q. For what purpose?

A. I intended going to the bank with Mr. Langelier. I think there was some delay at the last moment about the letter of credit because it was six o'clock before we got away.

Q. In the evening

A. Yes Sir.

Q. With the letters of credit?

A. Not the letter of credit. I don't know who carried the letter of credit.

Q. Who was with you?

A. When I left the building the Hon. Mr. Duhamel got into the carriage with us. Mr. Thom and Mr. Chrysostôme Langelier and I went down to the bank. I think the letter of credit was in the possession of the bank,—*La Banque Nationale*.

Q. I understood you to say there was difficulty as to its issue, and that Mr. Langelier and you were waiting to have it rectified.

A. I did not say the difficulty was about its issue. I think the difficulty was more about its being discounted because the manager and president were up at the Government buildings for quite a time.

Q. The president and manager?

A. Yes Sir.

Q. Who are they?

A. Mr. Gaboury and Mr. Lafrance.

Q. Who were they discussing the matter with?

A. I couldn't tell you.

Q. Who notified you that the matter had been arranged?

A. They came along together in the hall.

Q. Who?

A. Mr. Langelier and Mr. Gaboury and Mr. Lafrance, and I think Mr. Webb was also with them,—the manager of the Union Bank. I think Mr. Thom was the one who told me they were ready. Being ready however I did not ask any questions about it.

Q. Was the bank open at that hour?

A. The back-door of the bank was open. It was kept open specially I believe.

Q. Why?

A. Because we wanted to get the matter through, and in order to facilitate our getting through that night the manager of the bank kept it open.

Q. By any special request?

A. I don't know.

Q. When you reached the bank were you joined by any person?

A. No, sir, the manager arrived just about the same time we did. He opened the door and we walked in. Mr. Langelier then asked me how I wanted the cheques made out, and I gave him a memorandum and the cheques were made out to my order and handed to me.

Q. What was the total amount?

A. The total amount of the credit was \$75,000.00. It was only payable in July however

that there was an amount for interest and the manager kept back a further amount in case it was not paid when due.

Q. What was the rate of interest?

A. I don't know. The bank could say.

Q. Who paid it?

A. The Government paid it eventually I suppose.

Q. Not you?

A. No Sir, not me.

Q. Can you state the number of the amount of the cheques which represented these \$5,000.00.

A. I think there was \$2,250.00, retained and I think the amount paid was \$72,750.00, I recollect right.

Q. Can you give us the cheques?

A. If I can refer to the Ottawa matter I can tell you exactly. There was a cheque for \$1,750.00, one for \$24,000.00, one for \$16,000.00, one for \$111.64, and subsequently,—that is on the 31st of July, one for \$2,250.00. That formed a total of \$74,111.64, the balance being for interest which would be \$886.36.

Q. I understood you to say you were not paid that yet.

A. I am not paid yet. I expect to get it from Mr. Langelier. I expect to get the full \$175,000.00, because he holds my receipt.

Q. You may state, Mr. Armstrong, if you have not already done so, how this last cheque was dated which was payable to the order of James Cooper?

A. It was dated July 18th and was given after the letter of credit had been paid to the bank. I understand it was paid to the bank about the 10th of July.

Q. What?

A. I understand it was paid to the bank by the Government, so that the bank then would have no object in retaining the balance.

Q. Why was it made to Mr. Cooper's order instead of to yourself?

A. At my request.

Q. For what reason?

A. Am I obliged to tell what I did with my money?

Q. You might say if it was on account of personal indebtedness?

A. A personal arrangement I had with Mr. Cooper. The objection I had was to tell what I had done with my own personal money.

Q. I understand you to say it was to satisfy a private debt?

A. No, I said it was done under a private arrangement—or rather an arrangement—there was nothing particularly private about it.

Q. Then what followed?

A. I left the bank then with Mr. Thom. The next morning I went to the bank to fix some little private matters of my own which were too late to arrange that night.

Q. Well?

A. And then I returned to Montreal by the afternoon train at one o'clock.

Q. The next day?

A. Yes, Sir, the next day. After arranging my other matters I left at one o'clock.

Q. Do you mean to say that that is all that occurred in the interval?

A. No, Sir, I said I arranged my private matters.

Q. You have not told us a word about the other ?

A. What other ?

Q. You have not told us when you received the other \$100,000.00 ?

A. I received the other \$100,000.00 the next morning, and the \$75,000.00, the evening before.

Q. Now, you will state with more detail how that money was paid.

A. It was paid me with five cheques of \$20,000.00, each, payable to my order.

Q. When did you become aware that that letter of credit was issued ?

A. I understood the night before that it was issued. I understood the Banque Nationale was discounting one and the Union Bank the other.

Q. When did you learn that that \$100,000.00 was to be paid to you by cheque on the Union Bank ?

A. I must have learned it on the evening of the 28th. It was too late then to go to the other bank. I arranged with Mr. Langelier to go the next morning.

Q. Was any person present besides yourselves at the moment of that arrangement ?

A. Mr. Thom may have been.

Q. Where was it paid ?

A. I couldn't say.

Q. Were you aware before you left the Government office that the payment that day would be limited to \$75,000.00.

A. Yes, Sir.

Q. Where did you proceed the next morning.

A. I went to the Union Bank and I went to several places on St. Peter street and met Mr. Langelier.

Q. Having drawn your money you proceeded to some other place ?

A. Yes, Sir.

Q. Where ?

A. Mr. Pacaud's office.

Q. Where did you arrange to meet Mr. Langelier ?

A. I can't remember what particular arrangement was made. I know I did meet him at the Banque Nationale,

Q. Why there instead of the Union Bank ?

A. Because I had business there. I have no recollection exactly how the interview was arranged.

Q. Who was with you ?

A. I was alone when I went to the bank.

Q. Where did you proceed to from the bank ?

A. I went to one or two places on St. Peter street.

Q. Where ?

A. One place I went to Mr. Demers a broker on St. Peter street, I went to pay a note.

Q. Your own ?

A. My own.

Q. And then what ?

A. I am not sure whether I went to the Banque du Peuple or not. I am not sure whether I went there before or later.

Q. Then ?

A. Then I went with M. Langelier to Mr. Pacaud's office.

Q. Had he accompanied you all this time ?

A. No Sir, he had not.

Q. Had you separated ?

A. I asked him to wait for me until I went to Mr. Demers office.

Q. When was it arranged that you should go to Mr. Pacaud's office ?

A. I don't think until I met him at the Bank.

Q. Was it then arranged ?

A. I asked him to go with me then, and he went around the corner with me a few steps.

Q. Did you state the purpose ?

A. It was to get my money.

Q. Why could not those cheques have been delivered to you ?

A. I think I found out afterwards that the letter of credit had not been actually discounted by the Union Bank.

Q. Why did not he give you the cheques on the Banque Nationale ?

A. They were cheques of different amounts, and as the manager was going down I went with him.

Q. Where were they drawn ?

A. In the Bank.

Q. Now referring to the Union Bank—

A. I didn't go there.

Q. Referring to the Union Bank's credit you requested Mr. Langelier to proceed to Mr. Pacaud's office ?

A. Yes Sir.

Q. You didn't tell him why.

A. I probably did tell him why. I was going there to get the \$100,000.00. Mr. Langelier had the cheques.

Q. I asked you to explain how it was necessary to go to Mr. Pacaud's office to get the money.

A. It was the handiest place any way. I met him on the street.

Q. I understand you to swear that you went there because it was the most convenient place ?

A. I think so. I don't know that there was any particular reason.

Q. You swear that that was the reason ?

A. I don't say that that was the only reason, but that was the most convenient place.

Q. How far was the Union Bank from there ?

A. The Union Bank was about as close. All these places were close to each other.

Q. What was the other reason which led you to choose Mr. Pacaud's office ?

A. I had some arrangements to make with Mr. Pacaud.

Q. Were those the predominant reasons ?

A. The two things could be done at once there. It made no difference to me where I got the cheques at all.

Q. I take your statement to be this: that you requested Mr. Langelier to go to Mr. Pacaud's office because it was handiest ?

A. I said I had arrangements to make with Mr. Pacaud and I had to go to his office.

Q. Why to his office?

A. I had some arrangements to make with him.

Q. Had you made an arrangement to see him?

A. Very likely I had told him I would call in the morning.

Q. Did you fix the hour?

A. No, but I might have said about what time.

Q. Who was there? Was he at his office?

A. He was there with his secretary, Mr. Edge and myself.

Q. Was Mr. Langelier in there with you?

A. He went with me.

Q. State in full what took place.

A. I wouldn't be too positive. Perhaps Mr. Langelier went ahead of me.

Q. You drove there?

A. No sir: it was just a few steps around the corner. He may have driven as he was in a cab.

Q. Was there any understanding between you that he was to go there first?

A. No sir, there was no reason for his going in first.

Q. What took place, Mr. Armstrong?

A. Mr. Langelier handed me the cheques,—five cheques of \$20,000 each.

Q. Did anything occur previous to that?

A. There might have been a word or two said, but nothing of any consequence. I am not quite sure whether he had the cheques written out or whether he wrote them out there. I rather think he wrote them out in the office.

Q. Himself making choice of the amounts?

A. No Sir, I told him what the amounts were, unless I had told him before. I am quite sure about that. I am not quite sure whether he had the cheques ready or not.

Q. These are the only cheques he delivered?

A. Yes sir.

Q. You first received payment in one cheque of \$100,000?

A. No Sir.

Q. Was that proposed?

A. No Sir, not to me.

Q. No cheque for \$100,000.00 was drawn?

A. I never saw it if it was drawn.

Q. Or destroyed?

A. I never saw a cheque for \$100,000.00 at all.

Q. Was your choice of the amounts for which these cheques drawn determined by the request of Mr. Pacaud or any other person?

A. It was at some one's request.

Q. Who?

A. Mr. Pacaud.

Q. What was the request?

A. That five cheques for \$20,000 each should be drawn.

Q. When did he make this request and where?

A. Then, in his office?

Q. In his office?

A. Yes Sir.

Q. In whose presence ?

A. I think his secretary was present. He may have gone out after we were there. Mr. Langelier and I were there.

Q. Can you give the exact form in which the request was made ?

A. I could not remember the exact words, but it would simply be five cheques of \$20,000 each were to be made out. I paid very little attention to the exact form.

Q. You say this request was made in your presence and that of Mr. Langelier without any previous remark ?

A. Yes Sir.

Q. Was the instruction given to you and Mr. Langelier, or both ?

A. I expect to me. The room was not large. It would certainly be heard by Mr. Langelier as well as myself.

Q. What did he say ?

A. I think he said he wished them so drawn.

Q. Did he state the reason ?

A. No.

Q. Or what interest he had in determining the amounts ?

A. There was no necessity of stating it there. I knew what it was.

Q. Had you any private interview with Mr. Pacaud up to this moment ?

A. No, Sir.

Q. With reference to these acts ?

A. No, Sir.

Q. What followed, Mr. Armstrong ?

A. That brings up the objection I made before in regard to the disposal of the money.

Q. Did Mr. Langelier comply with your request ?

A. Yes, Sir.

Q. Who provided the cheques ?

A. He had the cheque-book himself.

Q. What did he do ?

A. He handed me the cheques.

Q. Five cheques for \$20,000.00 each ?

A. Yes.

Q. Signed by himself as commissioner ?

A. Signed by himself as commissioner and payable to my order.

Q. Do you know where those cheques are now ?

A. No, Sir ; I believe two of them were presented as exhibits at Ottawa.

Q. You don't know whether they were left at Ottawa or here ?

A. I don't know.

Q. Payable to your order ?

A. Yes Sir.

Q. What did Mr. Langelier do with them ?

A. He handed them to me.

Q. What did you do with them ?

A. I decline to say that unless I am obliged to say it. I raised the question before that I am not obliged to say what I did with my own money.

Q. You have very frankly told us that you promised the sum of \$100,000.00 Mr. Pac

A. Yes Sir.

Q. And gave us your reasons for that promise ?

A. Yes Sir.

Q. Did you ever fulfill that obligation and if so how and when ?

(Mr. Irvine, on behalf of Mr. Pacaud, here objected to the question, and the commission took the objection under advisement, stating that they would render a decision on the following morning.)

The Commission then adjourned till October 15th 1891, at 10 o'clock A. M.

CANADA.
PROVINCE OF QUEBEC,
District of Quebec. }

ROYAL COMMISSION

Issued under the Great Seal of the Province constituting and appointing the Honourable LORIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

4th SITTING.

The fifteenth of October in the year of our Lord one thousand eight hundred ninety-one.

PRESENT :

The Honourable Mr. Justice	LOUIS-A. JETTÉ,	President,
"	"	"
"	"	"
"	"	"
	LOUIS-FRANÇOIS GEORGES BABY	
	CHARLES-PEERS DAVIDSON.	

Commissioners.

Hon. Mr. Justice Jetté :—

Have you any communications to make, Gentlemen?

Mr. Béique :—

We have instructions to make this communication : " The undersigned are requested by the Prime Minister to declare that they do not represent the Head of the Executive before the Commission, but simply the ministers who form part of the Executive."

This declaration is signed by Mr. Amyot and myself.

Hon. Mr. Justice Jetté :—

Acte is granted of the declaration.

Mr. Béique :—

I take the liberty of making a suggestion which is this : On Saturday, I think, or Friday, not knowing what would be the method of procedure to be adopted in this inquiry, we caused witnesses to be brought from the part of the country in which the railway is built to prove the conditions in which the works were in one thousand eight hundred and eighty-nine (1889) and one thousand eight hundred and ninety (1890), that is to say to adduce evidence of the nature of that given by Mr. Armstrong yesterday. He was asked what was the state of the road and whether the works were stopped or not. There are here, among others, the Reverend Mr. Thivierge and the Reverend curé Bérubé, as well as other witnesses from the place, and

we ask that they be examined as soon as possible, as these gentlemen wish to return to their respective parishes. The examination will be very short.

Mr. Hall :—

I was going to say, may it please Your Honors, that we would not like this suggestion adopted in any manner or form. I understood from the Commission that they would determine the mode of procedure and the witnesses to be called. If the procedure laid down be departed from, it may create a great deal of confusion and difficulty. I may say, in addition that this evidence, which may or may not be relevant according as the inquiry proceeds, could be obtained later on, and my learned friends could bring these witnesses back in a week or ten days from now, if the evidence be found necessary. No doubt the Commission will give every opportunity to have the evidence adduced, if found necessary. If I understand rightly the nature of the evidence which my learned friends now wish to have given in as to the construction and condition of the road. In reading over the names of the witnesses I find that they are all gentlemen from that part of the country. Their evidence would not be the best evidence as to the condition of the road. I submit that a question of that kind if gone into, would necessitate the calling by the Commission of engineers, because the evidence required would be evidence as to the value of the work done. The gentlemen whose names are suggested here might give us an idea of the work at a certain period of time, but, as regards their value and as regards the cost of these works, that can be done only by competent witnesses, engineers. Therefore, we would ask the Commission not to accept the suggestion, but if these witnesses are required, that they be called in their proper order, also that if evidence of this kind is required, it should not be of a secondary nature but the best that can be had.

Mr. Bédou :—

It seems to me, may it please Your Honours, that there can be no difference of opinion as to whether this proof is regular or not. We do not intend to prove by these witnesses the value of the works done, but we wish to justify the circumstances which preceded and caused the passing of the act by which eight hundred thousand acres of land were granted. This is a proof into which the Commission itself has already entered in the examination of Mr. Armstrong. Mr. Armstrong was asked what had taken place, in what condition were the works, whether the works were stopped; and this is exactly, it seems to me, one of the elements of the proof that the Commission is called upon to make.

Hon. Mr. Justice Jetté :—

When we determined the method of procedure, we laid down as wide rules as possible. We declared that the Commissioners reserved to themselves the absolute control of the inquiry, not only the control, but the conduct of the inquiry, and that is why we proceeded to examine the witnesses whom we thought should be examined first. I think that, as, the inquiry goes on, it will be found that we are sufficiently in possession of the facts to justify our method of proceeding; but we reserved to all the parties represented before the Commission, the right of having witnesses heard after showing us that their examination is necessary or advisable. It is in the interest of every one so that the inquiry should be as complete as possible.

Here is an opportunity of applying the rule : some witnesses who are here cannot wait

and they wish to be examined at once upon a point, that may be important in the case, at least at first sight. We see no reasons for not acquiescing in such demand, and that in the very terms in which we decided that the inquiry would be carried on, that is to say, leave to the party who requires the production of those witnesses the care of their examination under the control of the Commission and the cross examination to the other parties represented in the case. Now, as we think that it is important that this should be done at once, the examination may take place this very afternoon.

Mr. Casgrain :—

Will the Commission allow me to suggest to Mr. Béique that he give us the names of the witnesses whom he wishes to examine.

Mr. Béique :—

I communicated them to Mr. Hall.

Mr. Casgrain (after taking communication of a list) :—

These are all the witnesses whom you wish to examine now on that point ?

Mr. Béique :—

Now, yes.

Mr. Casgrain :—

There are fourteen, Your Honors.

Mr. Béique :—

We wish to confine the examination to those who are absolutely obliged to return now.

Hon. Mr. Justice Jetté :

How many are there ?

Mr. Béique :—

Three or four.

Hon. Mr. Justice Jetté :—

Will you have time to examine them all in the afternoon ?

Mr. Béique :—

Yes.

Hon. Mr. Justice Jetté :—

It is understood that there are three or four only.

Now, Gentlemen, there is a rule of practice which it is always useful to follow, in all official proceedings: that is that one counsel should examine a witness or attend to one question or one witness. Thus it would be better if you would agree among yourselves so that it will be always the same counsel who shall examine the same witness or deal with the same question; this will probably avoid repetitions and delays.

GUSTAVE GRENIER, clerk of the Executive Council again appeared and deposed as follows :

I produce the Orders-in-Council numbers (488) four hundred and eighty eight and (606) six hundred and six, which were asked of me yesterday, as **exhibits Nos. 5 and 6** ; I also produce a copy of the Order-in-Council number five hundred and fifty seven (557) of eighteen hundred and eighty-seven (1887), appointing me deputy of the Lieutenant-Governor to sign money warrants, as **exhibit No. 7**, and a copy of the Order-in-Council of the nineteenth of September last appointing the Royal Commission as **exhibit No. 8** ; I also produce a copy of the recommendations which accompanied the warrants for one hundred thousand and seventy five thousand dollars as **exhibit No. 9**.

By Mr. Casgrain :—

Q. You have compared these copies ?

A. Yes.

Q. You swear that these copies are conformable to the originals.

A. Yes.

And further deponent saith not.

JUDGMENT DELIVERED BY HONOURABLE MR. JUSTICE DAVIDSON.

I am to deliver the judgment of the Commission upon an objection stated by Mr. Irvine yesterday afternoon on behalf of Mr. Pacaud.

A question was put to the witness in the box as to the disposal of a sum of \$100,000 which up to that moment he had shown he had received from Mr. Chrysostôme Langelier.

I take it that the objection was rather to the effect that the question went beyond the limits of the Statute than that it was beyond the terms of the Commission itself. The Statute permits an inquiry into and concerning any matter connected with the good government of the Province, the conduct of any part of the public service, or administration of justice ; and it is stated and enacted to be our duty to make full investigation into the matters which we were appointed to examine.

Earlier in the afternoon Mr. Armstrong freely, or at least without any interference, or objection, admitted that, at New-York, somewhere about the 17th March last, he had made an agreement whereby he was to pay Mr. Pacaud the sum of \$100,000 and the promise of that payment was induced, in Mr. Armstrong's belief, by the fact that Mr. Pacaud's intervention was necessary, in order to secure the successful termination of the negotiations then in progress between what is known as the new syndicate and certain members of the Government. He desired the negotiations to come to a successful termination and to be accompanied, as a matter of absolute certainty, with the payment to himself of this sum of \$175,000, the result of a compromise as to figures between him and the new syndicate or other parties. Questioned closely as to the special nature of the services which he could have hoped Mr. Pacaud to be in a position to render, his answer renewed again and again, however different in form, was to the effect that he hoped to secure the influence which Mr.

Pacaud was believed to possess with the Government, or the members of the Government, and that, in effecting this arrangement, he was only carrying out what he believed to have been a like arrangement which had existed between Mr. Pacaud and certain other gentlemen who had previously been seeking to take over the business and works of this Company, but whose negotiations did not reach a successful termination.

This evidence is certainly of the gravest possible character and its importance and gravity are added to by the fact that this transaction, this promise to pay the sum of \$100,000, was completed at an interview which occupied, to use Mr. Armstrong's own words, something like two minutes. At the outset Mr. Armstrong had thought that the amount would be only seventy-five thousand dollars but without a moment's discussion or dispute or protest, he had allowed that sum to be swelled by \$25,000, making a total of \$100,000. It appears to us that these are circumstances which, in the highest possible degree, are circumstances that ought to be inquired into, viewing the other facts which have been disclosed here, because of their relation to the conduct of public affairs in this Province and possibly with reference to the administration of the Government.

We are not without precedents more or less remote in connection with a matter of this kind. Not long since a Commission of like character was issued in what was known as the Whelan matter. A question almost identical with the one under consideration was put to a certain witness. It was a question as to the disposal of \$10,000. Its possession was traced to the witness then under examination, and he was asked to whom he was to pay it. His reply was that this was a purely personal matter and that it did not come either within the terms of the Commission or of the Statute. I may state, that Messrs Malouin and Frederick L. Bédouet acted as Commissioners, and Mr. Ernest Pacaud was the witness. A writ of prohibition was the result of his refusal to answer. The judgment of Mr. Justice Wurtelle went to the granting of the writ on the ground, as I read the judgment, that the statute itself was unconstitutional and did not come within the limits and jurisdiction of the Local Legislature.

I will cite from the judgment :

" The matter to be investigated is the alleged payment of \$10,000 by Mr. Whelan to influence certain members of the Legislature in connection with a certain appropriation which voted during the last session, or, in plain English, an alleged attempt to corrupt. Does this matter relate to the Government of the Province? It seems to me it does not. The members referred to had nothing to do with recommending the appropriation, and since the appropriation has been voted they had nothing to do with ordering or meeting the sum mentioned in it. This is the business of the Executive and such acts constitute acts of Government."

If we are to take this dictum of Mr. Justice Wurtelle as authority—and it certainly is entitled to the respect which his position deserves—we find that his language is directly in accord with the position and circumstances that are before us to-day, as bringing the general limits of this investigation within the generic expression of acts of administration. Now, that judgment went to the Court of Appeals and was there reversed on the ground that, in the opinion of that appellate body, this statute was constitutional, and furthermore that the question as put to the witness was one which was perfectly regular and lawful.

Now, I can appreciate no distinction between the question as put to the witness yesterday and that on which the judgment of the Court of Appeals was rendered. In the course of his argument I put the question to Mr. Irvine as to whether it did not lead us to an immediate and momentary conclusion, were it to be decided in his favor, as to whether this was a corrupt bargain or not, and his reply to that was that, before he could at all touch

or enter upon the disposition of this sum, it would be needful for us to establish in a convincing manner that the promise of this sum of money was corrupt in its inception and corrupt in whatever effect was subsequently given to it. That is not the belief of the Commission. The belief of the Commission is that the evidence and statements of the witnesses so far as they have gone, are of such gravity as not only to justify the Commission but to impose upon it as a matter of absolute duty for their investigation of this matter, the necessity of exacting an answer to the question which in their mind comes within the precise language of the statute.

EPHRAIM ELLIOT WEBB, of the City of Quebec, cashier of the Union Bank of Canada, being duly sworn on the Holy Evangelists, doth depose and say :

Q. What is your business, Mr. Webb ?

A. Cashier in the Union Bank of Canada.

Q. You have been called upon to produce certain cheques connected with this matter, have you done so ?

A. No, the cheques were filed in the inquiry before the Senate at Ottawa and have not been returned yet.

Q. Does your answer include three cheques of the 28th April 1891 for \$31,750, \$24,000 and \$16,000 respectively ; also a cheque of the 13th July 1891 for \$2,000, also another of the 29th April 1891 for \$20,000 and five other cheques of the same date for \$20,000 each ?

A. It includes the five cheques for \$20,000 ; the others I think refer to the Banque Nationale if I remember correctly.

Q. You have no means of securing these cheques, they are all attached to the proceedings at Ottawa ?

A. Yes.

And further the deponent saith not.

CHARLES N. ARMSTRONG, again appeared and deposed as follows :

By Hon. Mr. Justice Davidson :—

Q. What did you do with the cheques so handed to you by Mr. Langelier ?

A. I suppose in virtue of the judgment just rendered I am obliged to answer.

Hon. Mr. Justice Davidson :—

Q. Yes, Sir.

The witness :—

A. I handed them to Mr. Pacaud.

Q. Where ?

A. In a private room at the rear of his office.

Q. Who took you there ?

A. I went in with Mr. Pacaud.

Q. At whose request ?

A. At his.

Q. To whose order were these cheques made ?

A. To my order.

Q. Where did you endorse them ?

A. In the private room at the rear of his office.

Q. Who was present ?

A. Mr. Pacaud and myself.

Q. Did you take a receipt for this amount ?

A. No Sir.

Q. What followed ?

A. I left then ; I don't think there was anything passed between us afterwards.

Q. You left with or without Mr. Langelier ?

A. I think I left alone.

Q. Where was Mr. Langelier ?

A. He was in the front office, that is in the editorial office.

Q. Did he precede you or did you leave him behind you ?

A. You mean when we went in.

Q. When you went out.

A. I am not certain about that, I don't remember, we may have gone out together, but have no distinct recollection of it.

Q. Are you aware whether these cheques were subsequently cashed ?

A. I was present when evidence was given before the Senate committee, and that is all the knowledge I have of it.

Q. Did you yourself take any further interest in your Union Bank account as regards the \$100,000.

A. I had no account with respect to that.

Q. Did you take any interest with respect to this \$100,000 ?

A. I took no interest whatever.

Q. You had an account to the extent of this \$100,000 in the Union Bank ?

A. No sir, it was not my account.

Q. You stated yesterday, Mr. Armstrong, that another cheque for \$100,000 was first issued by Mr. Langelier. Do you adhere to that belief ?

A. I say I never saw the cheque; he may have issued a cheque but I never saw a cheque for \$100,000.

Q. Certainly you did not request it ?

A. I did not, certainly. I never saw a cheque or endorsed a cheque for that amount.

Q. Would you be disposed to alter that belief if you became aware of the fact that Mr. Langelier swore before the Senate Committee, that you did ?

A. I am aware of the fact he swore that. I think it is quite possible that he made out a cheque, but I never saw it, or never had it.

Q. And upon your belief and upon your remembrance, it was not made out at your request ?

A. He may have made out the cheque to make up the full amount of \$175,000, but I never saw the cheque and I did not.....

Q. What I wish to reach Mr. Armstrong is, if your recollection will carry you so far, why it was or at whose request it was you changed this cheque of \$100,000 of which Mr. Langelier spoke, into five cheques of \$20,000 ?

A. It was at the request of Mr. Pacaud to me. He wished to have the cheques in five cheques of \$20,000 each.

Q. What took place after this, in order of time ?

A. That pretty well ended the transaction. I went home an hour or two after that.

Q. How at first was your belief that this receipt, by Mr. Pacaud, of \$100,000, was to be accomplished ? Did you expect to pay him directly ?

A. I, of course, expected to be paid the \$175,000, and to pay the \$100,000 to Mr. Pacaud.

Q. Directly yourself ?

A. Directly myself.

Q. In the manner in which it was done ?

A. Well, somewhat in that manner. I expected to get the full \$175,000 and to give him \$100,000.

Q. I am speaking of the form, not of the principle ?

A. I expected, in the first place, to have received \$175,000. I did not know it was to be paid in different sums.

Q. I am speaking with reference to the manner in which the payment had to be made ?

A. As soon as I had received the \$175,000, I intended to pay the \$100,000 to Mr. Pacaud.

Q. I call your attention to this, because I noticed that before the Senate committee you stated with reference to your visit to Mr. Pacaud, as follows : " I don't know that I had any special purpose. I often dropped in to see him.

" Q. Did you go for the purpose of endorsing the cheques ?

" A. No, my impression was that the \$100,000 would be arranged between themselves. ' and I was surprised when asked to endorse the cheques."

Witness : -

That was after receiving the \$75,000, the evening before. The discount at the Banque

Nationale, having been only for \$75,000, it was all that I received. I was not aware then how they would pay the other \$100,000, because it seemed to me there was some hitch about getting the money, and I was surprised to find, the next morning, that Mr. Langelier was in a position to hand me the cheques at once.

Q. What created that surprise?

A. I was surprised because they were not able to do it the evening before.

Q. I am speaking of the surprise you had when asked to endorse the cheques. Had you had any discussion with regard to the payment of this \$100,000 with any others except with Mr. Pacaud?

A. No, Sir, I had not. I had a discussion with Mr. Langelier as to the payment of the remainder of my \$175,000 but not with reference to the payment of it to Mr. Pacaud. I never said anything to Mr. Langelier about having to pay this \$100,000 to Mr. Pacaud.

Q. What gave rise to this belief that you had that the payment was to be made direct to Mr. Pacaud and not through your intervention.

A. Having heard nothing about it, I expected it would be some days before the matter would be arranged. I do not think I stated that I believed the payment was to be made direct to Mr. Pacaud.

Q. Do I understand you to say that this belief of yours was not induced by any misunderstanding as between you and Mr. Pacaud or any other person?

A. No; I knew that Mr. Pacaud had been busying himself about getting the letter of credit discounted.

Q. Is it not a fact that before the Senate Committee you swore as follows:

"Q. You understood that Mr. J. C. Langelier would pay the money direct?"

"A. They had the letter of credit, and I thought they would arrange it among themselves. I understood the money would be paid direct."

Witness:—

I did not mean by that Mr. Langelier would pay it directly. I understood that Mr. Pacaud was manipulating the letter of credit, not Mr. Langelier.

Q. How, without some authority on your part, more or less formal, for instance, of some understanding, would Mr. Langelier have been induced to pay that sum of money to Mr. Pacaud?

A. There was no understanding whatever between Mr. Langelier and me to pay the money to Mr. Pacaud. There never was any mention of it at all.

Q. At the time you went to Mr. Pacaud's office, you were, as I understand it, quite well aware that he was not then in possession of the letter of credit,—if I understand your previous evidence?

A. That Mr. Pacaud was not in possession of the letter of credit? No, Sir, I was not aware of it. I did not know who had the letter of credit for the \$100,000. I knew that Mr. Pacaud had been trying to have it discounted.

Q. What knowledge had you of that fact?

A. From Mr. Pacaud himself.

Q. To what banks had he applied, so far as his statement informed you of his actions?

A. I don't know that he mentioned any other bank to me than the Union Bank.

Q. Was he successful?

A. Not at that time.

Q. Had he been at the moment that you went to his office?

A. No, Sir, he had not.

Q. Then you will explain how it came that the cheques were issued if the letter of credit had not been discounted, so far as your personal knowledge goes?

A. The chèques were issued by the Commissioner Mr. J. Chrysostôme Langelier; and

as long as Mr. Pacaud was willing to accept these chèques I had no objections ; it discharged my obligation.

Q. Do I understand you to say that in your belief at the moment these cheques were issued by the Commissioner no funds were provided against them ?

A. I did not say that at all. I said that so long as Mr. Pacaud was willing to accept these cheques, I had no objections ; it discharged me of my obligation.

Q. I understood you to say up to that moment the discounting of the letter of credit had not been arranged for ?

A. No : I found that out ; and, in fact, it never did go through the Union Bank.

Q. Did you have any personal knowledge as to whether there were funds provided to meet these cheques at the time of their issue ?

A. No, excepting from evidence that I heard from the Manager of the Bank before the Senate Committee at Ottawa.

Q. Now, up to this moment had Mr. Thom any knowledge of the transaction ?

A. Of the \$100,000 transaction ?

Q. Yes.

A. No.

Q. None whatever ?

A. None whatever.

Q. It was never discussed before him ?

A. No, Sir.

Q. In how far does your present statement agree with this evidence given before the Senate Committee ?

“ Q. You expected it would be managed among themselves ?

“ A. I thought Ernest Pacaud had the letter of credit himself. I heard them talk about it

“ Q. Who ?

“ A. Mr. Pacaud.

“ Q. Who else ?

“ A. Mr. Pacaud in Mr. Thom's presence.”

Witness :—

There was talk about the letter of credit in Mr. Thom's presence—with reference to the whole \$175,000 ; and Mr. Thom even offered to discount the letter of credit for him. That had no connection with the payment of the money to Mr. Pacaud, however.

Q. I desire you to be precise as to whether Mr. Chrysostôme Langelier was in Mr. Pacaud's office at the moment of your arrival or whether he came in after you reached there ?

A. I cannot swear positively to that. In any case, it would be only a difference of a minute or two. I have tried to refresh my memory on that point, but I cannot say positively

Q. Do you know if, at the moment this sum of \$175,000 was paid, there were other outstanding liabilities of the Company, and if so, what was their extent ?

A. They were not liabilities of the Company directly : they were liabilities of the subcontractors and others to people along the line for supplies. The Company itself owed nothing.

Q. What was the amount of these unpaid liabilities ?

A. Well, as near as I can tell, at the time they were something like \$50,000 along the line of the railway. Then there were amounts for supplies in Montreal. There was a large claim made by Mr. MacFarlane, which was contested and which is now before the courts, both the Company and I pretending that Mr. MacFarlane had been overpaid and that there was nothing due to him, and he, on the other hand, claiming a large amount.

Q. Were these at the moment regarded, rightly or wrongly, as privileged claims ?

A. All work done on the line and supplies furnished were generally regarded as privileged claims. I don't know whether they are legally privileged claims.

Q. Have you a personal knowledge as to why they were not paid ?

A. Well, the claims were principally due by Mr. MacFarlane, and he had no means of paying them: he was at that time insolvent.

Q. It was not the purpose, then, to apply any of these public funds to the payment of MacFarlane's liabilities ?

A. Certainly, it was the intention and it was an obligation. The old shareholders and directors of the Company made it an obligation that all these claims should be paid in full—made that an obligation with the new directors coming in.

Q. I am speaking with respect to the duties of the Commissioner.

A. Certainly, it was understood the Commissioner would pay out of the \$280,000 every dollar due for work done and materials supplied along the line.

Q. Why, at that time, had they not been paid by the Commissioner, are you aware ?

A. Well, there had been no arrangements made yet. The money could only be paid on a contract being entered into with responsible people. It did not cover simply the payment of the claims, it covered the completion of the line; and until it was done the Government would not be justified in using any of that money.

Q. And you considered that that did not apply to you ?

A. It did apply to me as well. They could not pay me until they entered into an agreement with a syndicate; and I was only paid after the agreement was entered into.

Q. At the moment of this settlement were there any subsidies remaining due, either from the Dominion Government or from the Provincial Government ?

A. There was still a large amount of subsidies due.....that is, due when earned, but not earned yet.

Q. At that moment ?

A. At that moment everything earned by the Company had been paid by the Quebec Government; and of the Dominion subsidy there was a balance retained upon the 60 miles of some \$31,000.00 which would be only payable when certain other works would be completed.

Q. That is the amount to which you referred yesterday ?

A. Yes. And besides that there were still some subsidies due on the unfinished portion of the line.

Q. Then, at the moment of your settlement, the only sum of money due under any law or agreement was this \$280,000 out of which you were paid ?

A. Yes, sir.

Q. I think, Mr. Armstrong, in the course of your evidence yesterday you promised to tell us to-day what part of this \$298,943.62, was due in bonds and what in money.

A. I told you that I could get that in Montreal. I have not got it here. I will have to go and get it and bring it here.

Q. I understood you to state it was not all due in bonds?

A. I stated that it was all, at that time, due in bonds until any subsidy payments were made; if any subsidy payments became payable to the company, then I was entitled to get that in cash.

Q. Does that necessarily follow?

A. Yes, every dollar of subsidy coming to the company was payable to me.

Q. Would there not have been some conversion of lands into money for something of that kind?

A. No, I say every dollar of cash coming to the company. The lands were not cash.

Q. But at that moment there was no cash?

A. No, Sir.

Q. It would have to be converted into cash by an action of the government?

A. There was nothing to convert: everything had been converted, but no additional subsidy.

Q. So at that moment, had you been settled with on the terms of your contract, you would simply have been entitled to bonds for this \$298,943.62?

A. That is all, Sir.

Q. The contract was \$20,000 a mile?

A. Yes, Sir.

Q. Can you state what you did receive per mile on your contract?

A. I had received somewhere in the neighborhood of \$15,000 per mile.

Q. Is that inclusive of bonds?

A. Yes; I had received only a very small amount of bonds, \$51,000.

Q. But you had received \$15,000 each per mile?

A. Not quite; it would be a little under \$14,200, I think.

Q. You calculate that upon the total one hundred miles?

A. Well, the work was done principally on the sixty miles, only a small amount of work was done on the seventy.

Q. What total did this represent?

A. About \$870,000.

Q. Not in money?

A. Yes, in money. I don't say that I got that myself, but the sub-contractors.

Q. But the total amount paid on these sixty miles was about.....?

A. \$875,000.

Q. What was the total amount of subsidies left available for the new syndicate?

A. There were \$64,000 of Federal subsidy and \$260,000 of Local subsidy. That was of the old subsidies. Then there would be the balance of the \$280,000 subsidy; \$50,000 for the Cascapédia bridge, and there would be the \$31,000 retained by the Federal Government. That would be a matter of settlement as to who should get that. It was claimed by the Ontario Bank.

Q. What would that amount to?

A. Well, it is a question how much would remain of that \$280,000. It would probably be all used up in paying the debts.

Q. I am speaking of the subsidies ?

A. That is a subsidy ; but outside of that subsidy, there was \$374,000 exclusive of the 1,000 retained by the Federal Government.....in all \$405,000.

Q. I would like to ask you if this is the general result of your statement in regard to figures : that your contract was for \$20,000 a mile of which \$9,000 was to be paid in cash, leaving about one half payable in bonds and the further sums received by the conversion of land subsidies into cash ; that it was the intention of the Quebec Government to compromise the 800,000 acres of land at twenty or twenty-five cents in lieu of thirty-five, but instead of that the Quebec Government doubled up the subsidy on the 80 miles, making it \$13,400 on an average for the seventy miles, which you would be entitled to receive in cash, leaving \$5,500 in bonds.

A. These figures are all correct, but the total amount per mile is based on an average. Of course I would be paid on the full work, some miles being much more expensive than others. There were statements submitted at Ottawa showing all these figures very clearly, if I would be allowed to put them in here ; they are published in a blue book.

Q. Did you take any part in promoting the legislation that resulted in the granting of this 800,000 acres of land and \$50,000 for the Cascapedia bridge ?

A. None whatever.

Q. What was the lowest figure which you ever mentioned as a basis of settlement of your claim ?

A. I never mentioned any lower figure than the \$75,000. I was once asked by Mr. Riopel whether I would take a little less in order to be able to arrive at a settlement. I said that whenever he would be in a position to offer a settlement, then I would say what I would do, but that then I was not disposed to take a dollar less.

Q. Neither Mr. MacDonald nor Mr. Cameron ever put the question to you ?

A. I had nothing at all to do with them about it.

Q. Did you ever give Mr. MacDonald reason to believe that you would accept \$20,000 or \$30,000 ?

A. No Sir, quite the reverse.

Q. Or Mr. Thom either ?

A. I might have said to Mr. Thom what I said to Mr. Riopel, that when he was in a position to offer me the cash, I might take a little off, but I would not say anything until he was in that position.

Q. I would like to ask you generally if the \$75,000 that you received, or rather this amount, less the interest, was applied by you to your own personal benefit ?

A. Entirely.

Q. No part of it directly or indirectly was applied to any such purpose for example as to which the \$100,000 were applied ?

A. Not a single dollar of it. Every dollar was for my personal benefit.

Q. What I would like more clearly to understand, Mr. Armstrong, is this. How it was that Mr. Thom, knowing that you consented to take \$75,000 for your claim. I refer to your previous proposal to Mr. Riopel—was willing to pay you \$175,000 ?

A. Because the position was entirely changed by this granting of \$280,000. I positively refused to take \$75,000 after that.

Q. That is the only reason. Did you state that as a reason to him?

A. I dont think there was much discussion about that at all. I told him plainly first time²I interviewed him about it, that it would take \$180,000 to settle my claim, and thought that perfectly reasonable and never disputed the amount at all.

Q. Was any reference made by him to the fact that you had previously offered to \$75,000?

A. I dont think there was any at all.

Q. What was the effect upon the Company of your having, been paid \$175,000 instead of \$75,000?

A. Well, the Company could better afford to pay me \$175,000 after getting \$280,000 than they could pay me \$75,000 when they got nothing.

Q. Answer the question, Mr. Armstrong?

A. They had \$105,000 instead of being out of pocket \$75,000. They were \$180,000 ahead by the transaction.

Q. In what way?

A. They received \$280,000.

Q. You must be aware that I am not referring to that, Mr. Armstrong?

A. Well, I dont understand how to explain the matter to you.

Q. If you had received \$75,000 instead of \$175,000 what would have been the effect upon the assets of the Company— upon the amount of money which they would have been applicable for the purposes of their work?

A. They would have been able to settle with me for \$75,000 instead of \$175,000 and they would have had \$100,000 more to their credit.

Q. You stated yesterday, Mr Armstrong, that this interview at which it was agreed to pay Mr. Pacaud \$100,000 took place in New York. Do you swear that?

A. I am sure of it now.

Q. Were you always of that belief?

A. I was not sure about that at the time I gave my evidence before the Senate Committee. I said I was not sure whether it was there or at a subsequent interview at Montreal but I have since taken means to find out about it and I am now sure it was at New York at the interview there and not at a subsequent interview.

Q. Your belief then was that it took place where?

A. I was not sure if it took place in New York or at a subsequent interview in Montreal.

Q. At that time you had no belief that it took place in New York?

A. I was not sure whether it took place in New York or Montreal.

Q. Because I read from your evidence given before the Senate Committee, at pages 114 and 115 of the Official Report. "it may have been in Quebec or in Montreal. I am inclined to think in Montreal."

A. I was inclined to think it was in Montreal, but since then I have taken means to find out and I am satisfied now that it was in New York.

Q. You will state what the means were which you adopted to find this out?

A. I asked Mr. Pacaud. It was the only means I had.

Q. Your statement was—?

A. That it was in New York.

Q. It is from your belief, not from your own recollection that you answered yesterday Am I to infer that?

A. I was not certain about it, and so as to refresh my memory I asked Mr. Pacaud. He was the only one who knew, and he told me it was in New York.

Q. Has it now become a matter of your own personal recollection?

A. Yes, sir, by what he told me at the time he refreshed my memory about it?

Q. Did you consider it a matter of interest or a matter of choice to make this agreement with Mr. Pacaud?

A. I thought it was the surest way of getting the matter settled. I had strong doubts of being able to do it any other way.

Q. Did these doubts reach the point of conviction that you would be unable to succeed, either in bringing the new syndicate and the Government together, or in securing the payment of your own claim unless you had Mr. Pacaud's intervention?

A. That was about it. What I was principally afraid of was that the charter of the company would be cancelled and it would lead to such difficulties that nobody would touch it.

Q. What was your opinion as to the amount which you so promised to Mr. Pacaud in relation to the actual commercial value of any services he might be able to render?

A. The value of a thing is what it will bring. There is no commercial value to be attached to such an agreement at all, I could not look at it from that standpoint.

Q. Between the promise and the payment a month intervened.

A. Rather more than a month—possibly six weeks.

Q. Now, I sought yesterday to obtain from you with more or less detail what services you expected Mr. Pacaud to perform, I now ask you, having paid him his money, what are the services in detail, which he rendered to you?

A. Well, I knew that Mr. Pacaud had a great deal of influence with the Government. He was a sort of confidential man and party manager, and in control of their principal newspaper; in fact, he was busy with all sorts of matters connected with the Government and it was principally from the fact that he had been negotiating in connection with that same enterprise for Mr. MacDonald and I thought certainly he was the best agent to employ.

Q. Now, you have not answered the question.

A. Well, the services in detail I suppose would be his interviewing the Government with a view to getting them to accept this proposal in which case, if the proposal was accepted and carried out, he would receive payment.

Q. Is that all, Mr. Armstrong?

A. That is all there was to it.

Q. You have no idea of the number of interviews—the special efforts which he made, the time he occupied, or the trouble which he took?

A. Of course I cannot tell what interviews he may have had with the ministers.

Q. I suppose it is not an account which you could in any way put down in writing?

A. I did not make any inquiries about it.

Q. You did not make any inquiries about what?

A. As to what trouble he had, or interviews he had, or what he did. I was principally interested in the result.

Q. Can you tell me, Mr. Armstrong, what was the basis of the offer—the general basis of the offer made by Messrs Macdonald and Cameron?

A. I wish before answering that to correct the figures which I gave yesterday as to the figures mentioned by Mr. MacDonald in his proposal to Mr. Riopel. I talked of \$275,000 and it should have been \$175,000.

Q. That is the proposal made by Mr. MacDonald to Mr. Riopel to buy out the old company?

A. Yes. I wish to make that correction while the matter is before us.

Q. Their proposal was not accompanied by any guarantee of payment to you?

A. Well the company could not carry out the arrangement with Mr. MacDonald unless they paid me.

Q. I want to know, Mr. Armstrong, at the moment, what was the total amount for which MacDonald and Cameron offered to complete the road?

A. That I do not know, except from hearsay and from the evidence given before the Senate Committee. I had nothing whatever to do with their proposal. I thought you had asked me what MacDonald and Cameron had offered the old company.

Q. What is the total amount which the new company undertook to do it for?

A. They undertook to do it on the subsidies as they existed; that is, there were \$280,000 from the Local Government and \$260,000.00 of unexpended subsidies and \$50,000 for the bridge. That would be \$590,000. For this amount they undertook to complete the road and pay off the debts.

Q. Up to what rate per mile for the first sixty miles, would this bring the cost of the road?

A. Sixty added to this.....

Q. The whole thing to what would this bring up the cost of the road?

A. That has nothing to do with the cost of the road. That was a grant made by the Government towards the completing of the road.

Q. I understand that, but what would the effect of all this have as regards the cost per mile for the road?

A. Do you mean the cost per mile to the Government? or the subsidies?

Q. We know what the cost to the Government would be because of the statutes which provided for it.

A. The cost of the road would be the amount paid to the Contractor, that is, \$20,000 per mile.

Q. I desire, Mr. Armstrong, to revert to a subject which I put to one side yesterday. You stated that Mr. Pacaud was with yourself showing considerable impatience with respect to the delay that followed the obtainment of the order in council of the 21st April, which delay lasted up to the 28th April when then the cheques were filled. You also, unless I am mistaken, stated that Mr. Pacaud showed you, or made some statement in regard to liabilities. Will you in fuller detail repeat that?

A. Well, on one occasion when I was pressing him about the delay, he expressed great impatience and said he had a lot of notes to pay and he was anxious to get the matter through. He had a memorandum in his hand with some names on it, and said "I have got all this to pay," some \$50,000. He did not tell me what it was for. He just put paper before me for an instant and I noticed that there were about a dozen names on

There was only one name that I distinctly remember on that paper. He did not give me any more particulars or tell me...He mentioned no names to me at all.

Q. What was the form of this paper?

A. It was a sheet of ordinary note paper.

Q. Was it an agreement or memorandum?

A. I did not notice any heading to it. It was a sheet of ordinary sized note paper with about ten or twelve names, with the amounts opposite them. It was only before me for an instant and I just caught one name in particular and I did not...

Q. Do you object to state what name you saw?

A. Mr. Tarte.

Q. What others?

A. I did not catch any others. That was a short name and was prominent there.

Q. Mr. Armstrong, was this sum of \$100,000 so by you paid to Mr. Pacaud, the only sum of money for like purposes or for the obtainment of influence or by way of commission, which you paid in connection with the proposal of the new syndicate, its subsequent acceptance by the Government and the closing of your account?

A. I paid nothing to anybody and nothing more to Mr. Pacaud than that \$100,000, not a dollar to any body else.

Q. Either directly or indirectly?

A. Neither directly nor indirectly.

By Mr. Casgrain :—

Q. I understood you yesterday to say, Mr. Armstrong, that about the month of February or March you knew that Macdonald and Cameron were in treaty with the old Company to continue the work upon this road, and that Mr. Pacaud had been employed by them as an agent or intermediary between them and the government?

A. I said that negotiations had been going on for several months prior to February; they were finally broken off in February. I ascertained since yesterday, that the date was the 14th February that they were broken off.

Q. You knew at that time that Mr. Pacaud was acting as agent between Macdonald and Cameron and the government?

A. Yes sir.

Q. Then, you had an interview with Mr. Pacaud in Quebec, at which you asked Mr. Pacaud to further your claims with the government, to act as your agent?

A. Yes.

Q. Then, you had an interview with Mr. Pacaud in Montreal on the 12th March at the Windsor hotel?

A. Yes sir.

Q. At which further negotiations were carried on between you and Mr. Pacaud with the object of furthering your claim with the government?

A. Yes.

Q. Then it was arranged that night, the 12th March, that you were to take the train from Montreal to St. Johns, going to New York, upon which train were some of the members of the government, and also Mr. Pacaud, the following morning?

A. Yes.

Q. And that you were to have an interview with Mr. Pacaud on that train, and that if possible, an arrangement was to be come to between you and the Government, through Mr. Pacaud ?

A. Not between me and the Government.

Q. Between the parties you were working for and the Government ?

A. I wanted to ascertain then whether the Government would be prepared to treat with another syndicate.

Q. And to ascertain this through Mr. Pacaud ?

A. Yes.

Q. On the morning of the 13th, you took the train going from Montreal to New York; you saw Mr. Pacaud in the Pullman Car and the Ministers were in another car, a private car ?

A. Yes.

Q. You spoke to Mr. Pacaud ?

A. Yes.

Q. What did you tell him ?

A. I asked him to find out from the Government.....

Q. The Government was in the other car ?

A. Well, some of them, some of the Ministers.

Q. If I understand rightly, the Ministers in the other car, that is the private car, were the Honourable Messrs. Mercier, Charles Langelier, Robidoux, Shehyn and Boyer ? Was Mr. Boyer there ?

A. Some of these gentlemen you name, I did not see. I did not go into the private car.

Q. Who did Mr. Pacaud tell you he was going to see in the private car ?

A. I don't know that he mentioned anybody in particular.

Q. Whom did you know was in that private car ?

A. I think the only Ministers I had seen go into the car, were Mr. Robidoux and Mr. Langelier.

Q. When the train arrived at St. Johns, Mr. Pacaud gave you an answer ?

A. Yes, he told me he had no doubt that if the syndicate could give the necessary guarantees, the Government would be prepared to treat with them.

Q. And he gave you this statement as coming from those gentlemen who were in the private car ?

A. I understood it to come from the Ministers.

Q. Are you aware whether or not there was any formal meeting of the Cabinet in the car ?

A. That is what I understood.

Q. And Mr. Pacaud was for the time being a member of the Cabinet ?

A. I did not understand that.

Q. Well, practically he was ?

Hon. Mr. Justice Davidson :—

Perhaps we had better confine the questions purely to questions which will induce answers as to facts bearing on the inquiry.

By Mr. Casgrain :—

Q. Now, a day or two after, you received a telegram from Mr. Pacaud requesting you to go to New York with a member of the syndicate ?

A. Yes Sir.

Q. You went to New York ?

A. Yes.

Q. And you went to the Brunswick Hotel there.

A. Yes.

Q. The first person you met at the Brunswick Hotel, was Mr. Pacaud ?

A. I dont know that he was the first person I met, but I met him shortly after I arrived.

Q. Then, Messrs Charles Langelier and Robidoux came on the scene !

A. Yes Sir.

Q. And it was Mr. Pacaud who introduced Mr. Thom to these two gentlemen ?

A. I am not sure whether it was he or I.

Q. Do you state it was not Mr. Pacaud ?

A. I say I dont know whether it was he or I who introduced Mr. Thom.

Q. Try and recollect whether it was or not ?

A. I cannot say.

Q. Is it not a fact it was Mr. Pacaud introduced him ?

A. I cannot say that it is a fact. They were all there together.

Q. Did you see Mr. Pacaud first before you saw Mr. Langelier and Mr. Robidoux ?

A. I think they came in together.

Q. How did they know you were there ?

A. Mr. Pacaud had telegraphed me to go and I telegraphed him that I would.

Q. It was then that Mr. Pacaud and you came to the agreement that you were to pay him \$100,000 if the new syndicate came to some arrangements with the Government as to the completion of this road ?

A. Not in the presence of the Ministers.

Q. You moved off a little ?

A. Yes.

Q. Then there was a conversation between Mr. Pacaud, Mr. Thom, Mr. Robidoux, Mr. Langelier and you.

A. The conversation was between Mr. Thom, Mr. Robidoux and Mr. Langelier ; afterwards joined in it. Mr. Pacaud may have said something but he had nothing to do with the discussion.

Q. How long did that take ?

A. Just a few minutes.

Q. What was said ?

A. It was more a question of how these payments would be paid, how the \$280,000 would be paid. I dont think that anybody there had a copy of the Act ; it was a good deal from memory as to what the exact wording of the Act was. It was only the general terms that were spoken of.

Q. Was it then mentioned that this sum of \$280,000 was to be paid as soon as the agreement was entered into, or subsequently ?

A. The idea was at that time that that \$280,000 would be paid to the syndicate or company as soon as they established the fact to the satisfaction of the government that they were in a position according to the words of the statute to pay the debts and complete the line.

Q. Then Messrs Charles Langelier and Robidoux stated that they were ready to go back to Montreal to close the transaction immediately, if the syndicate were ready to do so ?

A. Yes, they were ready to go back to Montreal to close it.

Q. They were anxious to get back to Montreal to close the bargain?

A. No, they were not anxious to close the bargain, but if the syndicate were willing to have it closed, they were ready.

Q. That is, if the syndicate were ready to close, they were ready to go back to Montreal?

A. In order to save delay they were ready, as it would be some time before they could get back to Montreal.

Q. If I understood you rightly yesterday, you said that as soon as, or almost as soon as, the Ministers arrived back in Quebec from their trip through the States, Mr. Pacaud telegraphed you to come to Quebec?

A. I said I thought that was likely

Q. It is true?

A. The arrangement was that I should be advised as soon as the Ministers were back and ready to go on with the business.

Q. You were to be advised by Mr. Pacaud?

A. Yes.

Q. You were advised by Mr. Pacaud?

A. Yes.

Q. And you came to Quebec?

A. Yes, I came to Quebec.

Q. You met Mr. Pacaud?

A. No, I did not.

Q. Now, you did?

A. You may make me say so, but I don't say it.

Q. You met Mr. Pacaud in Mr. Thom's room in the St. Louis Hotel?

A. I may have met him in Mr. Thom's room, but not when I arrived in Quebec.

Q. The first time you met Mr. Pacaud was in Mr. Thom's room?

A. No, I think...

Q. Are you sure?

A. Yes.

Q. Will you swear that it was not the first time you met him?

A. I do.

Q. Do you swear you did not telephone Mr. Pacaud to come to meet you at the Hotel?

A. I think it is quite likely. I generally telephoned when I wanted an interview with him.

Q. That was some time after that Order in Council was passed?

A. Yes, a few days after.

Q. Between the Order in Council and the time when you came down to Quebec, of which I have just spoken, Mr. Pacaud had different interviews to your knowledge with members of the Government?

A. Well, I saw him with members of the government on several occasions.

Q. You saw him with Mr. Langelier?

A. Yes, several times?

Q. You saw him with Mr. Duhamel?

A. I think I saw him with Mr. Langelier and Mr. Duhamel together.

Q. Did you see him with Mr. Robidoux ?

A. No, he was not here at the time.

Q. Then after the Order in Council was passed the question arose as to how this money was going to be paid, and letters of credit were suggested ?

A. Well, I knew nothing of that at first ; it was only after some delay.

Q. You thought you were going to get the money direct, without any letters of credit ?

A. I expected it would be done as soon as the Order in Council was passed.

Q. It was not done, and letters of credit had to be issued ?

A. Yes, so I understood.

Q. That is true ?

A. I have found out since.

Q. Between the 23rd of April, when the Order in Council was approved by the Lieutenant Governor, and the issuing of the letters of credit on the 28th April Mr. Pacaud, to your knowledge, had frequent interviews with members of the government ?

A. I don't know that he had frequent interviews, but I saw him several times with members of the government.

Q. With Mr. Langelier ?

A. Yes, I saw him with Mr. Langelier.

Q. With Mr. Duhamel ?

A. Yes, I think I saw him with Mr. Duhamel.

Q. You saw him up at the Parliament buildings ?

A. He was there several times. I have no special recollection.

Q. After these interviews took place, the letters of credit were issued ?

A. The letters of credit were issued on the 28th April, I believe.

Q. Then you paid Mr. Pacaud on the 29th ?

A. On the 29th, yes.

Q. You carried out the agreement you had made with him in New-York ?

A. Yes.

Q. Now, did Mr. Pacaud ever, at all, give you to understand how this \$100,000 was to be divided up ?

A. No Sir.

Q. Did he ever give you any intimation of the persons to whom he was to pay this \$100,000, or that he was to pay any part of it to anybody ?

A. Nothing further than what I have stated, that he had a memorandum showing over \$50,000 to pay.

Q. Did he give you to understand that he was to pay a part of this money to any particular member of the Government ?

A. No Sir.

Q. Did he give you to understand that he was accountable to any member of the Government for this sum of money ?

A. No Sir.

Q. What ?

A. No, Sir.

Q. He did not state that ?

A. No, Sir.

Q. He never told you, he had to account for this money to anybody?

A. He told me nothing about it at this time. He told me subsequently but it was not with reference to that.

Q. It was with reference to the \$100,000?

A. No, Sir, not with reference to the \$100,000 or the payment to anybody.

Q. Did he mention to you that he had to give an account to anybody of the way in which this money had to be divided?

A. He simply said he had to account for the \$100,000.

Q. Who to?

A. I would rather not state.

Q. I would rather you would.

A. It was not said in connection with the payment at all...

Q. It was in connection with the \$100,000?

Hon. Mr. Irvine :—

The witness says that this statement with regard to accounting had no reference whatever to this \$100,000. If that be so, it is quite clear that no inquiry can be made into it. We are only inquiring into the Baie des Chaleurs matter, and the only question is about the \$100,000; and if the question of accounting to somebody arose at all and had no reference to this \$100,000, it cannot be the subject of inquiry here.

Hon. Mr. Justice Jetté :—

We do not believe it is a matter of opinion for the witness. He must state the fact then we will have to decide for ourselves.

By Mr. Casgrain :—

Q. I put the question whether or not he told you that he had to render an account about the manner in which this money was to be expended or to be divided, or anything in reference to an account to be rendered in relation to this \$100,000 to any body?

A. That is a question which I think I should not answer, because it was not said in connection with the payment of any of that money at all and had nothing to do as the dividing of any of that money.

Q. It was in connection with the \$100,000?

A. Well, the account was with reference to the \$100,000.

Q. What did it relate to?

A. It was in connection with another transaction that had nothing at all to do with the Baie des Chaleurs Railway?

Q. But you stated that he said the account he had to render was in connection with the \$100,000 received from you in connection with the Baie des Chaleurs railway?

A. There was no account that I had to render.

Q. No, but in connection with the account Mr. Pacaud had to render.

A. Am I bound to answer that question?

Q. Yes.

A. He said he had to account to Mr. Mercier.

Q. Mr. Mercier, you understood to be the Honourable Mr. Mercier, the Premier of the Province of Quebec?

A. Yes, sir.

Q. Now, coming back to the negotiations which took place about the issuing of the letters of credit between the date of the Order-in-Council, the 23rd April, and the issuing of the letters of credit on the 29th April, why was there so much hesitation on the part of the Department of Public Works, or on the part of the Honourable Mr. Garneau, the Commissioner of Public Works to issue those letters of credit.

A. I am not in the confidence of the Department, and I don't know why there was so much hesitation.

Q. They did hesitate?

A. I know there was delay; but don't know whether there was hesitation.

Q. There was delay, and you got impatient and so did Mr. Thom?

A. Yes.

Q. And Mr. Pacaud also?

A. Yes.

Q. How many times did you go to the department with Mr. Pacaud or with Mr. Thom to get these letters of credit issued?

A. I never went at all about the letters of credit; I had nothing to do with it.

Q. Who had to do with it?

A. The officials of the department, I suppose.

Q. But who was in communication with the officials of the department about the issuing of the letters of credit?

A. I had nothing whatever to do with it. I suppose Mr. Thom urged them to settle the matter, but I do not know that he urged the issuing of any letter of credit at all.

Q. But he urged the payment?

A. Yes, he urged the settlement of the matter.

Q. Were you not informed that there was no money available to pay the subsidy?

A. I heard there was delay on that account.

Q. And therefore the letters of credit would have to be issued?

A. I found that out afterwards.

Q. Now, is it not a fact that you met the Honourable Mr. Garneau in connection with the issuing of the letters of credit?

A. No, Sir, I did not.

Q. Did you go to see Mr. Garneau?

A. No, Sir.

Q. Did you ask anybody to have these letters of credit issued by Mr. Garneau?

A. No, Sir.

Q. You knew at that time that Mr. Pacaud was busying himself with getting these letters of credit issued?

A. No. I thought he was busying himself with getting them discounted.

Q. You did not know whether or not the letters of credit had been issued?

A. He began to see about discounting them before they were issued.

Q. When did you become aware, for the first time, that the letters of credit were issued?

A. The first time that I became fully aware of it was on the 28th. April.

Q. When you saw the letter of credit for \$75,000?

A. I saw it at the bank.

Q. Now, is it not a fact that you are aware that it is on that date that Mr. Garneau signed that letter of credit?

A. I suppose they were signed then, but I did not see him sign them.

Q. You were up at the Parliament Buildings that day?

A. Yes, I was up at the Parliament Buildings.

Q. Who were with you?

A. I was alone most of the time.

Q. Where were you?

A. In the ante-room of Mr. Garneau's office.

Q. Who were you waiting for?

A. Mr. Thom, principally.

Q. Where was Mr. Thom?

A. I did not know where he was. I had looked for him and couldn't find him. He was not in the building.

Q. Who had gone for him?

A. I don't know that anybody went. I went myself, but I couldn't find him.

Q. Who did Mr. Thom come in with?

A. He came in with Mr. Duhamel.

Q. The Honourable Mr. Duhamel, Commissioner of Crown Lands?

A. Yes.

Q. Then they met you in the ante-room?

A. No, I think I went out in the passage.

Q. The letter of credit was not then signed?

A. I don't know: I did not see it signed, so I cannot tell who was signed.

Q. What time was that?

A. Probably about five o'clock.

Q. Where was the Honourable Mr. Garneau?

A. I think he had gone out then.

Q. He had left the office?

A. He had left the office.

Q. Did he say he would come back?

A. I think he said if they wanted him, they would find him at his house.

Q. They would find him for what?

A. I don't know in particular. He said that to some people who were there.

Q. Who to?

A. I don't know who were there. I think some of the bankers were there. I think Mr. Webb or Mr. Lafrance.

Q. Did he not say, "If there is any change to be made in the letters of credit, I will be at home at 6 o'clock and you can come and get the change made there"?

A. I think it was something like that.

Q. Where was Mr. Pacaud at this time?

A. I don't know.

Q. Wasn't he in the building?

A. I think not.

Q. Are you sure?

A. I am sure.

Q. Who went with the letters of credit to Mr. Machin's office?

A. I don't know. I didn't see anything that took place in the office with reference to the letters of credit.

Q. Did you stand outside Mr. Machin's office while Mr. Machin was busy either in making out the letters of credit or improving them, or doing something to them?

A. No, decidedly not.

Q. Is it not a fact that you know Mr. Duhamel went in with the letters of credit to Mr. Machin's office?

A. No, sir, I don't know.

Q. Did you see the letter of credit for \$75,000 after Mr. Duhamel came back with Mr. Thom?

A. I don't know that I ever saw it except with the Manager of the Banque Nationale.

Q. You know he had it when he left the buildings?

A. I am not sure that he had.

Q. What did you go down to the bank for?

A. I was asked to go down to the Bank. Mr. Langelier said everything was ready. I did not know who had the letters of credit—whether Mr. Langelier or the Manager of the bank.

Q. Mr. Chrysostôme Langelier?

A. Mr. Chrysostôme Langelier.

Q. When did you know for the first time that the Order-in-Council was passed? It was passed on the 21st and signed by the Lieutenant Governor on the 23rd April. When did you become aware that it was passed?

A. Very shortly after. It might be the same day or the next morning.

Q. Who told you?

A. That I couldn't say. It may have been Mr. Thom, or it may probably have been Mr. Grenier. I was inquiring about it.

Q. Was it Mr. Pacaud?

A. It may have been.

Q. Was it not Mr. Charles Langelier?

A. Well, I have said I cannot remember.

Q. Now, did you meet the Honourable Mr. Garneau, on St. Louis Street, opposite the St. Louis Hotel, in connection with the issuing of the letters of credit?

A. I never said anything whatever to Mr. Garneau, in connection with the letters of credit.

Q. I am not asking you whether you said anything to him in connection with the letters of credit. I am asking you: Did you at any time between the 23rd April and the 25th April, meet Mr. Garneau, on St. Louis Street, in the City of Quebec, opposite the St. Louis Hotel, at which interview between you and other persons and Mr. Garneau, a question arose as to the issuing of letters of credit?

A. There never was any question as to the issuing of the letters of credit in Mr. Garneau's presence.

Q. Then the payment of the subsidy, Mr. Armstrong?

A. The only recollection I have of meeting Mr. Garneau was just about the end of these interviews. Mr. Thom and I made up our minds that we would return to Montreal. There seemed to be no end to the matter; and we left the Government offices where we had been waiting for a long time, and on our way to the hotel we met Mr. Garneau. Mr. Thom informed him that he had got tired of waiting and was going home.

Q. What did Mr. Garneau say?

A. Mr. Garneau said not to do that, that every thing would be finished that day.

Q. Did you return to the Department that day with Mr. Thom?

A. Yes, later. We went to lunch first, and I think we returned to the Department afterwards.

Q. Are you sure ?

A. I would not be positive. I went to and fro so often that.....

Q. You went there very often ?

A. I went there often.

Q. At that interview which took place opposite the St. Louis Hotel, just as you were speaking to Mr. Garneau, Mr. Pacaud drove up in a cab and joined you ?

A. I think so.

Q. What did he say ?

A. I don't recollect what he said in particular.

Q. He spoke to Mr. Garneau ?

A. I think he did.

Q. After that you went to the Departmental Buildings? Was the matter put through?

A. Well, I am not sure whether that took place on the 28th or not. It may have been perhaps the day before.

Q. But after that interview Mr. Garneau gave Mr. Thom a letter ?

A. No, I think not.

Q. Well, it was before that then ?

A. I think it was several days before that.

Q. Well, Mr. Garneau gave Mr. Thom a letter promising Mr. Thom to arrange the matter ?

A. Well, I did not see the letter, so I cannot tell what it contained.

Mr. Casgrain, addressing the Commission :—

I ask that this letter be produced ; it is in the record.

Q. Now, some days afterwards Mr. Thom gave back this letter to Mr. Garneau ?

A. I believe he gave back the letter that he received.

Q. He was very angry—Mr. Thom was ?

A. I don't know that he was very angry, but he was impatient at the delay.

Q. He told Mr. Garneau at that time that his letter was not better than his word ?

A. That I don't know. I was not present when the letter was handed back. I cannot tell what he said to Mr. Garneau.

Q. Are you sure you were not present when the letter was handed back ?

A. Perfectly sure.

Q. You did not go to the buildings with Mr. Thom ?

A. I went several times ; but I never had any interview with Mr. Garneau in the presence of Mr. Thom in the buildings. The only time I said anything to him, to my recollection, was at the time we met him on the street, and then only two or three words.

Q. Didn't you go down to Mr. Garneau's office about the time—Mr. Garneau's office in the Lower Town—with Mr. Robidoux and Mr. Duhamel ?

A. I don't believe I have ever been in his office.

Q. Did you go to his house ?

A. I have never been in his house.

Q. Do you say the only interview which you had with Mr. Garneau in connection with the payment of the subsidy was the interview which you had with him on St. Louis street ?

A. Even that was not in connection with the payment of the subsidy.

Q. What was it about? The Order-in-Council, having been passed, the only thing to complete the matter was the payment of the subsidy ?

A. I suppose it was.

Q. There was no reference made in particular to the subsidy?

A. Oh ! no.

Q. Now, if I understand you rightly, you never asked Mr. Garneau to issue the letters credit, or you never approached Mr. Garneau, officially or otherwise, for the purpose of getting the matter through?

A. I never had one word to say with Mr. Garneau about it.

Q. Nor to any of the other ministers?

A. I may perhaps have said a word to Mr. Langelier, if I happened to meet him with Mr. Pacaud, but nothing officially in any way. I might simply have asked him, "Why don't you hurry this thing along?"

Q. So everything done in this connection was done with Mr. Pacaud?

A. Anything that interested me; but Mr. Thom himself was carrying on the negotiations with the Government.

Q. Before you were paid your claim of \$175,000 had the new syndicate acquired the rights of the old shareholders?

A. Yes, sir.

Q. They had?

A. Yes sir.

Q. How?

A. They had bought them out and had the shares transferred.

Q. Before you were paid your \$175,000?

A. Yes, sir, several days before?

Q. Well, now, how did they do it?

A. They had arranged previously the amount they were to pay for the shares, and they got the transfer from the principal shareholders. I think the greater part of them—seven-eighths or three-fourths; at all events, they had a large majority of the shares.

Q. Was every share paid for?

A. I can't say.

Q. Is it not a fact that they were paid with a part of the \$75,000 of the letter of credit?

A. Partly; but they may have been paid for in some other way.

Q. Are you sure there were no notes at all?

A. There were certainly some written agreements, if there were no notes.

Q. But it was understood they were to be paid out of this letter of credit for \$75,000?

A. Not to my knowledge.

Q. At all events, you know you lent Mr. Thom a certain sum of money to buy these shares?

A. I lent him a portion of the money to be paid to me—a portion of the \$75,000 I received.

Q. That is the manner in which these shares were acquired by the new syndicate?

A. I simply lent it to them for the accommodation of Mr. Thom; because the time of the option from the old shareholders expired that day; and if they had not been paid that day, they might have been withdrawn—the option might have been withdrawn; and to save him the trouble of going to Montreal, I suggested myself that I would lend him part of that money—that he could use a part of my own money for that object.

Q. If they had acquired the transfer of the shares before you were settled with and received the money, how could they withdraw their offer ?

A. That arrangement was made with Mr. Thom the time the transfer was made.

Q. You say the time expired on the 28th April ?

A. I think the 28th was the day it expired.

Q. Now, probably we do not understand each other. Do you say they had transferred their shares to the new syndicate before that time ?

A. I think so—a couple of days before.

Q. Well, then they could not withdraw their offer.

A. I had agreed to let Mr. Thom have the money the day the transfer was made, expected to get the money that day.

Q. Then it was agreed that this was to be paid out of the \$175,000 which you were to get from the Government ?

A. So far as Mr. Thom and I were concerned I was to lend him that money. That had nothing at all to do with the old shareholders, and they were not parties to that agreement at all.

Q. That was one of the cheques given at the Banque Nationale by you ?

A. It was in two cheques.

Q. Two cheques of \$24,000 and \$31,000 respectively ?

A. \$24,000 and \$16,000.

Q. Did Mr. Thom give you a receipt for this loan ?

A. No, Sir, the cheques were made payable to his order, which is a receipt of itself.

Q. Therefore you made this loan to him upon the endorsement of Mr. Thom ?

A. Yes, Sir, upon his personal word too, which I considered quite good.

Q. Now, when you met Mr. Chrysostôme Langelier in Mr. Pacaud's office in the Lower Town, to your knowledge Mr. Langelier had gone down there to pay you that money or to pay Mr. Pacaud that money ?

A. Well, I did not say to my knowledge, that he had gone down to Mr. Pacaud's office for that purpose. I think I said yesterday that I had asked him to come round from Bank Street to Mr. Pacaud's office.

Q. Mr. Chrysostôme Langelier knew at that time that this \$100,000 was going to Mr. Pacaud ?

A. I don't know that he knew that. I didn't say that.

Q. Well, I am asking you now ?

A. I had no reason to think he knew it.

Q. Why would Mr. Langelier, whose office is in the Parliament Buildings, go down to Mr. Pacaud's office with \$100,000 ?

A. I have already told you that I met him at La Banque Nationale and asked him to come to Mr. Pacaud's office. He did not start from his office to meet me at Mr. Pacaud's office.

Q. Did he carry on him a cheque book of La Banque Nationale ?

A. That I cannot tell you.

Q. Did he happen to have a cheque book of the Union Bank on him ?

A. That I don't know. He may have had blank cheques.

Q. Had he blank cheques ?

A. Yes.

Q. Were they cheques written out ?

A. I am not sure whether they were or not.

Q. At all events he was prepared to pay this money in the manner in which Mr. Pacaud asked him to pay it?

A. I don't suppose it made any difference to him so long as the cheques were made out, long as they amounted to \$100,000.

Q. That is not an answer to my question. I want to know whether he was prepared to pay this money in the manner in which Mr. Pacaud asked it, whether in one cheque for \$100,000 or five cheques of \$20,000 each. I want to know whether he was prepared to meet the request of Mr. Pacaud?

A. The request was very simple: he could issue it in one cheque or in five.

Q. But he was prepared to meet the request of Mr. Pacaud?

A. The request was made by me to Mr. Langelier, not by Mr. Pacaud to him.

Q. How did this take place? You got to Mr. Pacaud's office and Mr. Langelier got there—you came some time after him or he came in some time after you. Now, did you ask Mr. Langelier to make out the cheques then?

A. I asked him to make out five cheques of \$20,000 each.

Q. That is the way the conversation began?

A. The conversation was very short.

Q. Do you mean to say by that that everything was understood beforehand?

A. Mr. Langelier was to pay me the \$100,000.

Q. What did you go into Mr. Pacaud's private office for?

A. I went in there with the cheques.

Q. What did you do with the cheques when you were going in—did you take them in your hand or put them in your pocket?

A. I don't know about that.

Q. Of course one hundred thousand dollars is a small matter and you did not care?

A. It was a small matter whether I had them in my hand or in my pocket.

Q. Now, did Mr. Langelier see you go in?

A. He saw me, certainly.

Q. You were there a very short time?

A. Just long enough to endorse the cheques and hand them over.

Q. Was it at that moment and in the presence of Mr. Chrysostôme Langelier that Mr. Pacaud asked you to give him five cheques, or asked you to divide the one hundred thousand dollars into five cheques of \$20,000 each?

A. I believe it was in that same room and in his presence. I don't know that he heard me say it.

Q. Now, reverting for a moment to the two cheques of which you spoke just now—the cheque of \$24,000 and the cheque of \$16,000 which were drawn on the Banque Nationale and which were given to Mr. Thom—I want you to tell me whether or not you know where these cheques are?

A. I believe they are with the exhibits before the Senate Committee.

Q. Is it not a fact, Mr. Armstrong, that these cheques were not made payable to Mr. Thom?

A. My impression is that they were: they may not have been.

Q. Is it not a fact that the cheque of \$24,000 was made payable to your order?

A. They were all made payable to my order by Mr. Langelier.

Q. And that you did not endorse it payable to Mr. Thom and that therefore Mr. Thom

did not endorse that cheque and that therefore you had no contract with Mr. Thom as to the loan of that \$24,000?

A. I have had the \$24,000 paid back to me, so it does not matter whether there was a contract or not.

Q. Who by?

A. By Mr. Thom.

Q. At that time, when this loan was made, no endorsement of the cheque took place?

A. I thought it had, from memory. I know that two other cheques were endorsed by him, or one, at all events, in the bank.

Q. As to the \$16,000, that was not endorsed either?

A. My impression is that it was.

Q. And this cheque was also produced before the Senate Committee, and to the best of your knowledge is there still?

A. Yes, Sir.

Q. Now, as to the \$16,000, has that been returned to you?

A. Yes, Sir.

Q. In cash?

A. Partly in cash and partly by payment of orders that I have given upon the Company.

Q. And how much have you actually received out of the \$75,000?

A. In cash and in orders, about \$50,000 now.

Q. Of this amount, how much did you keep for yourself?

A. Well, it was all either kept by myself or paid out for me.

Q. Paid out for you?

A. Yes, for my benefit.

Q. Can you tell us to whom?

A. To a great many different parties. I don't think that is of any special interest anyway.

Q. Now, coming to your claim, which you said you had against the company when you ceased work in 1889, it had not increased from that date up to the 28th April last, and that claim of \$298,000 was payable to you in bonds when the road was completed?

A. No, not all of it, when the road was completed; there was part of it that was payable at that time.

Q. How much?

A. I could not tell you the exact figures. The company had a right to retain a certain percentage until the completion of the work. That portion, of course, would only be payable on the completion of the work; but the difference between that and the amount of cash received, of course, was payable then.

Q. You received all the cash subsidies?

A. I received all the cash subsidies, yes.

Q. You said, yesterday, if I understood rightly, that there was nothing due to you in cash?

A. I said that, yes, and I still say so.

Q. Bonds were due to you?

A. Yes.

Q. Supposing the whole road to be completed, what would be the value of these bonds?

A. I place the value about 75% of the face value.

Q. Is that a fair value to put upon them ?

A. Yes ; perhaps they would be worth a little more than that, perhaps 78% or 80%, out of the basis I always took them at.

Q. Now, you would have to pay back to the Government \$28,000 that they had paid to the laborers on the road ?

A. No, not one cent.

Q. It was money due by you, if I understand rightly ?

A. It was not money due by me.

Q. Who by ?

A. By MacFarlane.

Q. That is your contention ?

A. There is no contention about it. It is a fact.

Q. Now, Mr. MacFarlane had a large claim against you ?

A. He pretended to have.

Q. How much ?

A. He was claiming something like \$180,000.

Q. That claim is not yet settled as between MacFarlane and you ?

A. No, Sir.

Q. Mr. Armstrong, you stated that you thought Mr. Pacaud was the best man to go to. You stated that, didn't you ?

A. Yes.

Q. What made you think that ?

A. I stated he had already been negotiating in connection with that same enterprise.

Q. Was that the only reason ?

A. Well, I had already done business with Mr. Pacaud, and I had confidence in his ability.

Q. You had confidence in his ability ?

A. Yes.

Q. What do you mean by the word " ability " in this instance ?

A. Being able to do what was required.

Q. With whom ?

A. With the Government.

Q. Now, will you give us some details as to what made you form that opinion of Mr. Pacaud's ability to do these things ?

A. Well, he was generally known to be on the best of terms with the Government ; and by transactions I had had before, he had always carried them out satisfactorily.

Q. He was generally known to be on the best of terms with the Government ?

A. With the Ministers.

Q. He was generally known to be very influential with the Ministers ?

A. Well, yes.

Q. And he was generally known to get from the Ministers whatever he asked for ?

A. I don't know that. That is going a little too far, I think.

Q. Well, now, to your knowledge ?

A. I certainly do not think that Mr. Pacaud was in a position to get all he might ask from the Government.

Q. Well, pretty near?

A. Well, I am not a judge of how near he might get to it.

Q. I want you to base your answer upon your own experience?

A. Well, in my previous experience, I had asked him to do nothing that was unreasonable, and he was always able to accomplish whatever I wanted.

Q. Did you infer from this that it was necessary to secure Mr. Pacaud's services in order to get from the Government a thing that was reasonable?

A. He could do it quicker and more satisfactorily than I could.

Q. If those things were reasonable, why could you not get them from the Government as well as Mr. Pacaud?

A. There are lots of reasonable things which take a long time to get through with the Government.

Q. He generally rushed things right through?

A. Well, very promptly.

Q. Upon what did you base the estimate of his services when you promised him \$100,000?

A. I understood the basis that Mr. MacDonald was working on was \$75,000; and I simply asked him to carry on the business for me on the same basis as he would have done it for Mr. MacDonald.

Q. You went one better?

A. I found I had to go one better.

Q. Now, in your other dealings with Mr. Pacaud which you have just mentioned, were there any scale of prices between you and him for his negotiations with the Government or influence with the Government?

A. There was no scale of prices at all. I simply agreed with him for whatever he undertook.

Q. You had an agreement with him every time?

A. Not every time, but sometimes: one arrangement might cover a good many transactions.

Q. Had you anything to do with him before this in connection with getting subsidies for the Baie des Chaleurs Railway, which induced you to engage him again and pay him this sum of \$100,000?

A. Well, he had attended to the collection of subsidies for me before.

Q. Did he get paid for that?

A. He got paid, yes.

Q. Would you have got the subsidies from the Government if you had not paid Mr. Pacaud?

A. Possibly I would have got them, but I would have had to wait longer for them.

Q. You would have had to wait very long?

A. I don't say very long?

By Hon. Mr. Justice Davidson:—

Q. You stated that you were ready to receive \$75,000 from the old company in settlement of your claim, but that when the new syndicate came to be formed the position in the affairs was so much better that your demand became \$175,000. Is that correct?

A. Yes, sir.

Q. I do not understand how you improved your position at all, when, at the same time you were agreeing to give \$100,000 to Mr. Pacaud?

A. At that time I supposed I would only have \$75,000 to pay, and that I would have \$100,000 net for myself. It was later on that I found it would be \$100,000 that I would have to pay.

Q. That would have made a difference of \$25,000 ?

A. Yes.

Q. Why did you not demand at once from the syndicate the \$100,000 which you considered would be a satisfactory settlement ?

A. Because I had no confidence that they would be in a position to deal with me unless the payment was made.

Q. Unless what payment was made ?

A. Unless I paid Mr. Pacaud.

By Hon. Mr. Irvine :—

Q. Mr. Armstrong, I understand that you commenced to employ Mr. Pacaud with reference to these negotiations, when you understood that Messrs Macdonald and Cameron had dropped all negotiations with the Company ?

A. Yes, Sir.

Q. And that was some time in February of the present year ?

A. I believe the 14th. February.

Q. Did Mr. Pacaud then or at any other time represent to you that he had such influence with the Government that if he was not employed he would obstruct your negotiations ?

A. He said nothing to me at all about it.

Q. He never gave you in any way to understand that his employment was a necessity for your success ?

A. He never mentioned it to me : that is my opinion.

Q. Your idea in employing him was that because of his political position and his friendship with members of the Government you would be able to ensure a more satisfactory conclusion than you would have been if you had done the work yourself or employed some one else ?

A. Precisely the reason.

Q. Did Mr. Pacaud tell you that he could not aid you in this matter until it was clear him that Mr. MacDonald had nothing more to do with it ?

A. I have already stated that.

Q. So much so that when you were leaving the train at St. Johns he caused you to telegraph me as representing Mr. Macdonald to know whether the matter was completely settled ; the telegram which has been produced ?

A. Yes.

Q. And it was only on ascertaining that no further transactions would be had with Mr. MacDonald that Mr. Pacaud took up your case ?

A. Yes.

Q. What induced you to suppose that Mr. MacDonald had undertaken to pay Mr. Pacaud \$75,000 for his assistance in these negotiations ?

A. I was led to understand that firstly by Mr. Cameron.

Q. You are aware that Mr. MacDonald said that he only intended to pay \$50,000 ?

A. I heard him say that, yes.

Q. When you finally endorsed and handed over the five cheques to Mr. Pacaud, as you

have already stated, it was done in his office—in a back room of the office of “*L'Electeur*” ?

A. Yes.

Q. There was some doubt as to the way the cheques were drawn. Do you not remember that Mr. Langelier got the bank cheques from Mr. Pacaud and filled them up there?

A. No, I do not.

Q. You looked upon the details as unimportant, and they were not impressed upon your mind at all?

A. No.

A. I believe, Mr. Armstrong, you are not a political supporter of the present Local Government?

A. No, sir.

Q. Are you not connected with a newspaper in Montreal, which is very strongly opposed to them?

A. I have a slight connection with that paper so far.

Q. In these dealings which you have had with Mr. Pacaud, have you had or have you now any reason to complain, from your own point of view, of the manner in which he acted towards you?

A. No, sir, he always carried out what he agreed to do satisfactorily.

By Mr. Béique:—

Q. You have stated, Mr. Armstrong, that Mr. Pacaud told you he had to account to Mr. Mercier. Where did he tell you that and when?

A. Well, that was in connection with something that had nothing at all to do with this Baie des Chaleurs matter.

Q. But will you say when he did tell you that, anyway?

A. I think it was some time in the month of June.

Q. Of this year?

A. Yes.

Q. And you say it had no connection whatever with this Baie des Chaleurs matter?

A. I say it was not in connection with that.

Q. Who was present when he told you that?

A. There was nobody present.

Q. Where was it?

A. It was in the rotunda of the Windsor Hotel. Some person may have overheard it but not to my knowledge.

Q. In Montreal?

A. In Montreal.

Q. Was it in the evening or morning? Do you remember what time of day it was?

A. Probably it was in the evening, but I would not be sure. It is more likely to be in the evening.

Q. What had this interview reference to between you and Mr. Pacaud?

A. It was with reference to some financial arrangements in connection with another transaction; it had nothing whatever to do with the Baie des Chaleurs matter.

By Mr. Casgrain:—

Q. When Mr. Pacaud made this statement to you, is it not a fact that he stated that he had to render an account of the \$100,000 of the Baie des Chaleurs Railway money to Mr. Mercier?

A. That is what I intended to state.

By Hon. Mr. Justice Jetté :

Q. That arose out of another conversation ?

A. Yes, it had nothing whatever to do with the Baie des Chaleurs Railway matter.
And further deponent saith not.

909557A

THE REVEREND ANTOINE PHILIPPE BERUBE, priest, *curé* of St. Fr Xavier and St. Hubert, aged thirty five years, having been duly sworn upon the Evangelists doth depose and say :

(This witness is examined at the special request of Mr. Béique.)

By Mr. Béique :—

Q. Where do you live, Sir ?

A. I now live at St. François Xavier ; I left Cascapédia, in the County of Bonaventure on the first of October (1890) eighteen hundred and ninety.

Q. Did you live at Cascapédia for some years ?

A. For the past seven years, I was *curé* there for seven years.

Q. Did the Baie des Chaleurs Railway pass Cascapédia or did it pass in your county ?

A. Yes, Sir.

Q. Did it traverse your county ?

A. It traverses the parish in which I was.

Q. What was the condition of the Baie des Chaleurs Railway in (1889) eighteen hundred and eighty nine. I wish to know if the road was in operation, if it was in course of construction ?

Mr. Casgrain :

If the Commission will allow me, I wish to make the following objection : I do not think that the question is pertinent. The Order-in-Council appointing the Commissioners authorizes the Commissioners to inquire and report on the facts and circumstances which preceded, accompanied, gave rise to and followed the transactions under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

Now, I do not see how the question put to the witness can have any connection with the transactions which took place in connection with the carrying out of the Act 54 Victoria, chapter 88, the payment of the subsidy.

Mr. Béique :—

I think we are within the scope of the facts which Your Honours are called upon to inquire into. You are called upon to inquire into and report upon the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the act 54 Victoria, chapter 88. Now, there has been a question, and doubtless will be a question at every moment, of the passing of the act 54 Victoria, chapter 88, of the subsidy which was granted of eight hundred thousand acres of land, and I think that we are concerned in establishing how this subsidy came to be granted and the condition in which the railway was, to show the interest which the Province had in intervening and obtaining the passing of the act 54 Victoria, and the interest which the government had in dealing with the syndicate in question to get them to take hold of the road, to reorganize the company and to continue the works which had been commenced and on account of which a large sum of money had already been expended.

Hon. Mr. Justice Jetté :

We allow the question.

The Witness :—

As I have just stated, I left the parish in the fall of eighteen hundred and ninety (1890).

the works had been abandoned in the fall of eighteen hundred eighty-nine (1889), if I remember rightly.

Q. Were the works advanced in the fall of eighteen eighty-nine (1889) when they were abandoned?

A. There were the first sixty miles, as far as the Cascapedia river, the Grand Cascapedia, which were not finished, which were in about the same condition as they now are. Some works had been performed on section K between the two Cascapedia rivers; the men had worked a little during the month of August, in September and a part of October, and no payment, to my knowledge, had been made during that winter. There was some distress, a good deal even, occasioned in part by the non-payment of the wages of the men who had worked. The works on section K were not extensive; it was opened up, commenced, but not completed.

Q. You state that the men were not paid; were there large sums due the men?

A. Twenty thousand dollars had been paid by the provincial government in the winter and there remained a sum of which I am ignorant, which you may perhaps know, that has been since paid.

Q. Had there been any strikes respecting the building of that road?

A. Yes, there had been strikes on that part west of the river Cascapedia; there was some disturbance on section K, the strike extended that far.

Q. What occasioned it?

A. It was understood that it was because the men complained of not having been paid.

Q. And, from what you yourself were enabled to ascertain, was it because the men were unpaid that the works were abandoned in (1889) eighteen hundred and eighty-nine?

A. That is what we thought.

Q. Had the owners of the land taken for the road bed been paid?

Q. They in general, had not been paid, with few exceptions.

Q. Had the persons who furnished the supplies been paid?

A. Not that I know of.

Q. What was the feeling in the locality respecting the road at the time?

A. Respecting the Company?

Q. Respecting the Company?

A. One of considerable discontent.

Q. Was there considerable agitation?

A. There was considerable agitation.

Q. Did you communicate with the Government at different times respecting the condition of the works?

A. Yes, Sir, I had occasion to, in the interest of my parishioners, I had occasion several times to pray the Government to do something for the relief of these people who were in want.

Q. And were there, to your knowledge, several petitions forwarded to the Government and will you state what was the object of such petitions in (1889) eighteen hundred and eighty nine and (1890) eighteen hundred and ninety respecting the road in question?

A. There had been petitions; I signed some myself. It was to pray the Government to take out of the subsidy coming to that part of the road a sum sufficient at least to pay the wages of the workmen and the board of the men, as well as other urgent expenses.

Q. Had there been petitions also to induce the Government to take possession of the road or to reorganize another company and cancel the charter of the old company?

A. Not to my knowledge; during the time I was there I had no knowledge of such petitions, if there were any.

Q. Will you refer to the return number 90 B to an order of the Legislative Assembly dated the fifth March (1890) eighteen hundred and ninety signed by Chs. A. E. Gagnon, Provincial Secretary and state if the letter which is printed on pages 5, 6 and 7 of that return was written by you?

A. Yes, sir, that letter comes from me.

Q. Were the facts mentioned in that letter to your knowledge at the time, and were they correct?

A. Yes, sir, so far as I know them.

Q. Will you read this letter, if you please.

A. Here it is

MUNICIPALITY OF NEW-RICHMOND,

Cascapedia, 31st October 1889.

THE HONORABLE HONORÉ MERCIER

Prime Minister of the Province of Quebec

Quebec.

Sir,

Mr. Langelier, the special commissioner terminated his inquiry into the claims against the contractors of our Baie des Chaleurs Railway here yesterday. His report will expose a state of things which it is impossible to qualify. As parish priest, a continued and grieved witness of the poverty of my people. I take the liberty of displaying to you our distressing position in the fullest manner possible. During the last five years since the commencement of the work upon this road, the story of our disappointments repeats itself from year to year in an increasing ratio. In spite of the deceptions of the past, the knowledge of the generous assistance which your government had accorded to the Company last spring, by giving the subsidies of the lower portion to the upper portion of the road, again raised our hopes.

Reports circulated each week that work would begin the following week and would be pushed on with vigor, kept the people on the look-out during the whole of the first part of the summer. Every one counted upon it, both to obtain work and to dispose of the few products of their farms. During this period of expectancy, these poor people, who were already suffering from the bad harvest of the preceding year, had to purchase from the merchants on credit, it being absolutely necessary for them to do so, for the support of their starving families.

At last, in the month of August, the works were commenced. The people fell to, with the energy of despair, counting upon the product of their toil to pay off the advances already received and to procure their winter's supply of provisions. They worked in that manner for two months and a half, without receiving anything but the few provisions which they were able to get out of the supply store kept by Mr. Gervais, where things were sold at exorbitant prices; for instance very common flour, cost \$7.50 per barrel, pork, when there was any, 14 to 15 cents per pound. In addition to this the works were stopped in the commencement of October, exactly when small farmers would have been able to earn something without neglecting their land. Others advanced the few bushels of grain which they had on hand, or boarded the laborers, and, like the laborers, they did not receive a cent. You can easily understand the position of embarrassment and poverty in which we are placed. The accounts are unsettled and legal proceedings are pouring in upon us.

Under these circumstances with what feelings of joy and gratitude we welcomed your Commissioner he himself can testify. I perfectly understand that your Government is in no way bound at the present time to pay the subsidy on this section of New-Richmond, where the works have been only commenced; but the inquiry which you have just caused to be made, shows that you are disposed to overlook legal technicalities and to come to the relief of the unfortunates, deceived by people without standing who hasten to build their fortunes upon the helplessness of the poor. Without wishing, in any way, to dictate a line of conduct to you, who have repeatedly shown with what prudence and profound knowledge you can administer the affairs of state. I cannot refrain in this, the conclusion of my too long letter, from pointing out in a few words exactly what will meet the wishes of all the parties interested.

1. While your worthy Commissioner is preparing his report you might send your engineer to estimate the portion of the work done on the said section K and pay the amount without loss of time, as, I repeat, the wants are most urgent. Even though the proportion of the subsidy should exceed the amount of work done, the federal subsidy will be quite sufficient to complete the work.

2. It would be very desirable that the Commissioner himself should be present when the claims are paid, as a considerable number of claimants, from one cause or another, were unable to meet him and this refers more particularly to people from the lower part of the county.

3. Is there no way of getting rid of this company and its contractors who do nothing; It is said that the company has not fulfilled the conditions of its charter. If this is the case it would be a most worthy action to put another company in its place, composed of men of integrity, capable of bringing the work to a happy ending.

I have the honor to be,

Sir

Your most obedient servant,

(Signed) A. P. BERUBÉ,

Priest

Q. Do you know how the works were pushed since the reorganization of the company?

A. No, Sir.

Q. You are no longer in the locality?

A. I am no longer in the locality, I heard of it only.

Mr. Riopel :—

May it please Your Honours, as having been a member of the old company and after the reading of the letter which the reverend *curé* has just finished, I wish to put one or two questions to the witness.

Hon. Mr. Justice Jetté :—

You may do so.

By Mr. Riopel :—

Q. Will you state the date of the letter you have just read ?

A. The 31st October (1889) eighteen hundred and eighty nine. .

Q. Will you state where that letter was written ?

A. At Cascapedia, New-Richmond.

Q. State whether it was of your own motion or at the suggestion of others that wrote it ?

A. My own.

Q. Had you had, at that date, any correspondence with any member of the Government or with any persons commissioned by the Government to attend to these matters ?

A. I had no other correspondence except that which is set out here with the P. Minister.

Q. You had no verbal communication either ?

A. Not that I remember.

Q. You state, in your evidence, there were a great many complaints against the company ; can you state that to your knowledge there were claims against the company which had not been paid ?

A. When I say against the company, I mean also those who represented it. In this country when the people talked of the company, they talked about the enterprise generally. I know nothing about the private relations which the company had with its contractor.

Q. You did not know anything about the contracts between the company and its contractors ?

A. I never saw those contracts.

Q. It is to your knowledge that Mr. MacFarlane had the completion of the sixty miles as far as Grand Cascapedia ?

A. It is to my knowledge that Mr. MacFarlane worked on the Western section.

Q. It is to your knowledge that he had charge of the road ?

A. I saw him working on it.

Q. Is it to your knowledge that what was owing on that section was due by Mr. MacFarlane or in great part by him ?

A. I cannot say if it was by Mr. MacFarlane or by others.

Q. Had you any knowledge of the report of the Commissioner, Mr. Charles Langelier, had you been able to ascertain that the majority of these claims were not against Mr. MacFarlane ?

A. At the time, Mr. Langelier's report had not been published.

Q. But now ?

A. I saw at the time, I think..... I no longer remember the date of Mr. Langelier's report now.....

Q. Were you yourself paid by Mr. Langelier a certain sum that was due by the contractor ?

A. Yes, Sir.

Q. Do you know that of those amounts there were some due by Mr. MacFarlane for which you were paid ?

A. Not to myself.

Q. I ask you if there was paid to you any sums due by Mr. MacFarlane, either to you or to your employees or otherwise ?

A. There might have been some persons who had *bons* from the contractors or sub-contractors and who being in want came to me for provisions or other things. I may have had those *bons* in my possession. I cannot say whether they were from Mr. MacFarlane or from the sub-contractors, I know they were *bons* for the railway undertaking.

Q. When you say the company, you mean the contractors, do you not?

A. Yes.

Q. Is it to your knowledge that any claim was made against the company in connection with the construction of the road?

A. I cannot say if it was directly against the company or if the contractors were responsible for the claims.

Q. Did you ever apply directly to the company for claims?

A. No.

Q. Do you not think that it was to the contractors that you should have applied when you had their *bons*?

A. I applied to the contractors.

Q. You did not think of applying to the company, did you?

A. I never applied to the company.

Q. Because you presumed that the company had nothing to do with the payment of the contractors at the time?

A. We presumed this: We knew that the company had undertaken to build the road, that it had given the control to some contractors and that the enterprise was not going on, and people were suffering. We supposed that either for want of capacity or for some other reason...

Q. That is not an answer to my question; answer simply to my question.. You did not apply to the company because you thought that the company had nothing to do with the payment to the contractors in the time?

A. I did not know whether the company should have paid its contractors directly, I did not know of the conditions with the contractors, the fact that we were sure of was that the men had worked and had not been paid.

Q. Now, you stated a moment ago, that there was a good deal of discontent or agitation against the company; can you say precisely whether when you say that, you mean against the company or against the undertaking?

A. I may say that there was against the company, because we said that...

Q. You took part in it yourself, did you not?

A. Well, I did nothing further than to write.

Q. You did not speak?

A. In what sense?

Q. Against the company or against the members of the company?

A. I may have expressed my opinion, that the enterprise was going much too slowly and did not give satisfaction. I certainly expressed my opinion at different times.

Q. Now, do you know when the works on this railway were commenced?

A. I cannot exactly say: the date I mentioned must be taken as having been to the best of my knowledge: it commenced, I suppose about (1886) eighteen hundred and eighty-six.

Q. The construction commenced in (1886) eighteen hundred and eighty-six.

A. There was some work done before (1886) eighteen hundred and eighty six, I think, in (1885) eighteen hundred and eighty-five.

Q. The preliminary works, then the construction in (1886) eighteen hundred and eighty-six. Is it to your knowledge that a great deal had to be done before construction was reached? is it to your knowledge that subsidies must have been got... in fact that is was necessary to place the enterprise in a position to be succesfully carried on?

A. Naturally, without having any special knowledge in railway matters, I suppose it is like any other undertaking, there must be preliminary steps taken before work is commenced.

Q. Do you know the various steps taken?

A. I know that steps were taken.

Q. You know who most directly interested themselves in this enterprise?

A. I know the names of a few, yes.

Q. When in your letter you allude to these *charlatans*, do you mean the persons who were the promoters of the enterprise and who carried it on up to June (1889) eighteen hundred and eighty-nine?

A. The allusion I made apply to the persons who came with the spring and who gave our people, our parishioners, to understand that they would have work and that work was postponed from date to date and never came on. Those are the persons I meant by charlatans.

Q. Will you precise who are these persons? Are they persons outside the county?

A. I do not remember the names.

Q. It was not the promoters of the company whom you wish to mean by that?

A. No, not specially.

Q. Had you occasion to make use of other expressions respecting the promoters of the enterprise, that is to say, Mr. Robitaille and myself most particularly, as we were specially prominent in the matte?

A. I remember nothing in particular.

Q. When Mr. Charles Langelier, the commissioner, and the payer, Mr. Chrysostôme Langelier went down, had you occasion to meet those gentlemen?

A. Yes.

Q. You had occasion to express yourself in public among your parishioners and outside your parish, to give expression of your opinion of the conduct and acts of the promoters of the enterprise?

A. I may have said as many others did, that we were not satisfied with the manner in which the enterprise was carried on.

Q. But this is not the question. I ask you if you had occasion to state in public, among your parishioners or outside your parish, to give your opinion upon the conduct or acts of the promoters of the enterprise?

A. I gave no other opinion than this: that we were not satisfied. Without knowing the details of the matter, we were not satisfied generally with the manner in which the enterprise was carried on.

Q. Please state precisely now in what the dissatisfaction consisted?

A. The dissatisfaction, I stated it a short time ago. The enterprise was begun. We understood that large subsidies had been voted, and the work was not going on, on the little work done there were large amounts due to the workmen and persons who supplied materials, and that is what caused the discontent.

Q. In your opinion, then, the construction of sixty miles of road within three years was not satisfactory? is that it?

A. Yes. I may say that is it. It was not satisfactory especially because the work was not paid for, the workmen were not paid.

Q. You declared a moment ago that on section K the works lasted only one month or a month and a half ?

A. As I stated in the letter the works commenced nearly at the end of August and were stopped about the beginning of October.

Q. Is it to your knowledge that the custom on that road as to payments was that the workmen were paid at the end of the fifteen days after the end of the month's work ?

A. I was aware of that.

Q. Now, when the strike of which you have spoken on the western section, on Mr. MacFarlane sixty miles, took place it was about the date when payment on section K was expected, the section of the sixty to seventy miles ?

A. On section K there is a sum due for the month of August.

Q. How much, if you please ? can you tell us how many days ?

A. I do not know.

Q. It would be but few days, in any case ?

A. A few days. Apart from that there was some work cutting down the trees in the course of the summer.

Q. Do you know if there was anything due for work for cutting down trees ; who was cutting them down, do you know ?

A. I do not know if it was all due but I know it was partly due.

Q. Did you ascertain from Mr. Langelier's report who performed the cutting down of trees.

Q. I know some of the men.

Q. Do you know if it was Mr. François Giroux who was cutting down the trees ?

A. Yes, I know that Mr. Giroux had something to do with it but I did not know Mr. Giroux personally, he was not doing the work on this section, he had given out sub-contracts.

Q. Is to your knowledge after having taken communication of Mr. Langelier's report that the work done by Mr. Giroux was unpaid for with few exceptions ?

A. I had not noticed that.

Q. You had not noticed that ?

A. I had not noticed that ; however I may mention a Mr. Brunel who had worked with a certain number of men on section K cutting down trees and I know that man was not paid. I may mention another name, the name of Mr. Macome, Thomas or William I do not remember his christian name, but a Mr. Macome in any case.

Q. These men worked with Mr. Macome and Mr. Brunel at the embankment ?

A. Cutting down trees.

Q. How can you state whether these were or were not paid ?

A. I say so because they told me so.

Hon. Mr. Justice Jetté :—

I think, Mr. Riopel, you have got what you wanted, that is to say that the discontent is general. You are now going too much into details.

Mr. Riopel :—

I think so in fact, but I have another question to put if you, however, will allow me.

Q. You declared that you, yourself, bought claims of a certain number of workmen persons who furnished supplies and will you state the amount you bought.

A. I cannot tell you. I have not my accounts with me.

Q. About ; several thousand or several hundreds of dollars ?

A. Oh ! no, a mere trifle.

Q. How much ?

A. About fifty dollars or so.

Q. Not more than that ?

A. Forty or fifty dollars.

Q. Will you swear that it was not more than fifty dollars ?

A. I cannot state particularly, I have not the figures with me. I sold grain to Mr Gervais besides that.

Q. I am speaking of all the claims you had ?

A. I drew a much larger amount than that from Mr. Langelier.

Q. As far as you can remember how many hundred dollars ?

A. I am not prepared to say. Three or four hundred dollars, perhaps less than that. It can be ascertained, I gave receipts.

Q. When you were pressing the Prime Minister to make payment, you had in any case a sufficiently direct interest ?

A. Myself personally, not so.

Q. You received a percentage to get this sum paid ?

A. Not at all.

Q. From the persons who had entrusted you with their claims ?

A. I may have allowed a reduction, but not a large one.

Q. How much per cent ?

A. I can not say.

Q. Give me the largest amount which you charged, if you please, the highest percentage ?

A. I do not remember.

Q. In any one case ?

A. I may have charged ten per cent, five ; but I am not prepared to say, I do not remember it.

Q. Now, what delay elapsed between the date you bought the claims and the date when the payment was made to you ?

A. When I took these *bons* it was not known when they would be paid. I took them and for a large part of them I charged nothing at all ; to my parishioners, I charged nothing to outsiders who came against my will, to get me to take those *bons*, I did not wish to take them and the amount I took, it must be well understood, was trifling, it certainly did not exceed forty dollars.

Q. I speak of all your claims ?

A. My claims for other things, were for grain sold or for board. I myself boarded one of the sub-contractors and on that I charged nothing, no percentage whatever. Consequently, the small percentage which I may have charged amounts to a few dollars, only a trifling amount.

Q. You are positive in stating that you did not charge a percentage to any of your parishioners?

A. I do not remember.

Hon. Mr. Justice Jetté :—

Mr. Riopel, we are going too much into details, you are going a little too far. You are about making an investigation into matters with which we have nothing to do.

Mr. Riopel :—

This is it, Your Honour. It is difficult for me to take the position which we might perhaps have taken if directly in the case, but up to now, the counsel, the ministers, the whole conduct of the Government in the matter has been that, we the members of the old company, were responsible for all that had been done and the word "company" is made use of to cover all misdeeds, all the errors or all the faults of the contractors or other outsiders.

I wish now to establish by the first witness who is examined on the matter that if an agitation was raised against the name of the company, it was at that time that it commenced and we will see later perhaps what was the result, what even may have been the motives. As to us, we are certainly very directly interested.

Hon. Mr. Justice Jetté :—

Yes, but on the other hand, Mr. Riopel, I think as I told you a short time ago, that you obtained your point. Your end is reached, because it is established before the public, and the popular view, that it was the company that was responsible for all the faults; it is established by the reverend curé, that the company was really made responsible for all the faults of the sub-contractors or the contractors in chief and the people confounded the whole in the same malediction. But this is established to our entire satisfaction.

Mr. Riopel :—

If Your Honours will allow me. I stated a moment ago that I wished to establish that the accusations which were brought against the members of the old company arose there and then. That is the question which I now wish, to put.

Hon. Mr. Justice Jetté :—

We allowed the question so as to refute an accusation that might be unfavorable to you, and now that end is attained we think the matter is at an end and that it has gone far enough.

Mr. Riopel :—

I agree with Your Honour, but the question which I wish to put is one which touches directly upon the point raised by the reverend gentleman's letter.

By Mr. Riopel:—

Q. Please say if you remember having stated before a large number of persons of your parish, at a distance of at least several arpents from your presbytery, in the autumn of 1889) eighteen hundred and eighty-nine, that the Robitailles, the Riopels, the members of the old company had pocketed all the money and all the people were not paid and that you had official proofs to that effect?

Hon. Mr. Justice Jetté:—

We do not think we can allow that question, it would take us too far.

Mr. Riopel:—

Will it be admitted then that the letter which the reverend gentleman produced and which he produces under oath, that that letter shall be held as not existing as to its contents except in so far as it is corroborated by his evidence, because that letter is now before the public, in an official report.

Hon. Mr. Justice Jetté:—

We take the letter and the evidence as they are.

Hon. Mr. Justice Baby:—

The witness told you that the expressions were not addressed to you.

Mr. Riopel:—

Yes. But the question which I now put..... When he stated "get rid of the company" what does that mean? Why get rid of the company, if it is not in default? But there is more than that: That letter states that it is necessary to get rid of the company which has not even complied with the conditions of its charter. "It is said that the company has not fulfilled the conditions of its charter and it would be better to put another company in its place, composed of men of integrity and industry." Can we allow that accusation to pass without our being allowed to ask for explanations and to get the witness here present to state whether he himself, said such and such things and what was his authority for so saying at that date, from the very beginning of all the troubles which brought almost the catastrophe of the Baie des Chaleurs road.

Hon. Mr. Justice Jetté:—

We think that this would be going completely outside the limits within which we should conduct the inquiry, and we think that you are sufficiently protected by the cross-question which you have already put to the witness for you to be entirely satisfied.

THE REVEREND CYPRIEN LARRIVÉE, *curé* of Paspebiac, being duly sworn upon the Holy Evangelists doth depose and say :

(This witness is examined at Mr. Amyot's special request.)

By Mr. Amyot :—

Q. Your name is the Reverend Mr. Larrivée of..... ?

A. Of Paspebiac.

Q. For how long ?

A. For fourteen years.

Q. Do you live there still ?

A. I still live there.

Q. Did you know of the works on the line of the railway known as the Baie des Chaleurs Railway ?

A. Yes.

Q. Since the beginning ?

A. Yes.

Q. Will you please tell us where the works were, what place they had reached before the new company commenced them ?

A. They had reached below the parish of Maria, a place called Ireland.

Q. At what distance is that from the beginning of the road, the western end ?

A. That would be hard to say.

Q. About, give us an idea. In what section is it ?

A. I do not know.

Q. Is it sixty or seventy miles ?

A. It is about sixty miles, there are one hundred miles from Metapedia to Paspebiac.

Q. Had the works been continued without interruption or were they stopped in eighteen hundred and eighty-nine ?

A. They had been stopped from some time in eighteen hundred and ninety.

Q. Completely stopped ?

A. I think so.

Q. Do you know when they were recommenced ?

A. During the summer of eighteen hundred and ninety-one.

Q. Of last season ? Of this season ?

A. Yes.

Q. How were they recommenced ? Were there many men employed ?

A. I saw for myself that there were over four hundred men employed. I was told there were more than that.

Q. You found out that there were four hundred men in your district ?

A. Not in mine, in the upper part.

Q. On the Baie des Chaleurs Railway ?

A. From Maria to Caplan.

Q. When the works were suspended, do you know personally that there were claims either for wages, board or supplies ?

A. I ascertained that by the papers, but in my parish, some of my parishioners had claims for some day's wages.

Mr. Casgrain :—

We do not object, but really it seems to me that we are losing considerable time. The Reverend gentlemen says that he learned that by the newspapers...

Hon. Mr. Justice Jetté :—

He adds that in his parish there were some who complained.

The Witness :—

Some of my parishioners claimed some days' wages, sometime to my knowledge.

Hon. Mr. Justice Jetté :—

As far as possible you must confine yourself to precise evidence upon facts to your personal knowledge.

Mr. Amyot :—

My question meant that. It is to his knowledge.

By Mr Amyot :—

Q. Will you state, if you know, whether certain petitions were sent in eighteen hundred and ninety to His Honor the Lieutenant-Governor in council respecting the road ?

A. I sent one myself.

Q. Please take communication of this document which is produced and state if it is original of the petition in question ?

A. Yes, I wrote it myself ?

Q. Will you kindly read it ?

A. Yes.

TO HIS HONOUR THE LIEUTENANT GOVERNOR IN COUNCIL.

May it please Your Honour,

The humble petition of the undersigned merchants, farmers, fishermen and other electors of the municipality of Paspébiac, humbly sets forth :

That a company was formed to build a railway to connect the Intercolonial Railway with Gaspé Basin passing by the port of Paspébiac ;

That the said company is in difficulty with its contractors,, the works have been suspended for a long time and the laborers and store keepers have not all been paid, although the company has received a subsidy of \$16,000 per mile ;

That the said company has contributed nothing towards the expenditure occasioned by the building of this railway ;

That the said company has not the necessary means to complete this enterprise ;

That it is time that the charter of the present company should be annulled ; so that your Government can take steps to complete this railway on the completion of which the prosperity of Gaspesia so much depends ;

And your petitioners also respectfully set forth :

That certain timber limits known as the Robitaille limits, bought since 1873 have not yet been worked ;

That the public is obliged to purchase wood for building purposes at a considerable distance, as far as New Brunswick for example ;

That the working of these limits would give employment to the labouring population at
cal periods such as we are now passing through ;

That these difficulties cause great distress through the whole of Gaspesia ;

That to remedy this sad state of affairs we place the most entire confidence in our
rber the Honourable Honoré Mercier, Prime Minister of the Province, whose devotion in
defense of our interest we have already proved, and who will advise Your Honour as to
best means to take to put an end to these monopolies.

Therefore we beg Your Honour to listen to our complaints, and to do justice to our
ms : 1st By cancelling the sale of the Robitaille Limits. 2nd By revoking the charter of
present Baie des Chaleurs Railway Company.

And your petitioners will ever pray :

pebiac, December 2nd, 1890.

igned) Cyp. Larrivée, Parish priest of Paspebiac

Wm Fauvel

for LeBoutillier Brothers Company

(limited)

J C LeBontillier

N Renouf

J C LeQuesne

John Bossy

W G Bisson

D Bisson

Charles Le Gallais

Elias Prevost

Oswald Albert

Bruno LeBlanc jr

Walter LeBrocq

Bruno LeBlanc snr

John Whittom

Emmanuel LeBlanc

Benjamin LeBrasseur

John Tesnier

Isidore Aspirot

Michel Horth

Laurent Holmes

Théophile Delarosbil

Jean Giguère

Pierre Joseph

André Delarosbil

Pierre Aspirot

Salomon Castilloux

Dominique Loisel jr

Jos Anglehart

John Huard

Théodore Huard *fils de* Remi

François Huard

Joseph Anglehart *fils de* Philippe

Laurent Loisel

Wm Castilloux

Flerant Aspirot

Alexis Denis

André Castilloux

Dominique Loisel snr

Edouard Huard

Laurent Huard

Moïse Huard

Michel Huard

Aimé Holmes

Philip Anglehart

Pierre Duguay

Wm Huard

Urb LeBlanc

Maxime Joseph

Jacques Loisel

Sébastien Anecy

James Blais

Ambroise LeBrasseur

Sébastien Anecy jr

Philippe Loisel

Hippolyte Falham

Ed. Berthelot

Xavier Huard

Philippe LeBrasseur

J.-Bte. Maldimay

Germain Blais

John Horth

(Signed) Adulle Porise

Hippolyte Delarosbil

Jean Ph. Aspirot

Dominique Loisel

Jules Aspirot

Théophile Duguay

John Joseph

Joseph LeBrasseur

Rémi Huard

Joseph Duguay

Jules Duguay

Narcisse Delarosbil

Wm. Castilloux

Moïse Deny

André Roussy

Wm. Loisel

Wm. Joseph

Abraham Anglehart

Urb. Maldimay

Etienne Horth

Philippe Joseph

Frs. Chapados

Isaac Denys

Urbain Maldimay

Joseph Fulhen

Wm. Chapados

Emm. Aspirot

Nap. Porise

Chrysostôme Castilloux

Honoré Chapados

Clément Holmes

John Chapados

John Albert

Philippe Aspirot

Philippe Delarosbil

Jos. LeBrasseur fils Jos.

William Loisel

Benjamin Joseph

Jos Duguay

Michel LeBrasseur

Napoléon Aspirot

Ambroise Albert

Wm LeBrasseur

Benjamin Castilloux

Louis Nérée Anglehart

David Allain

Isaac Aspirot

Jacques Lancy

Greg. Delarosbil

Oswald Duguay

Placide Aspirot

Félix Aspirot

Frs. Huard

James LeBrasseur

Alfred LeBrasseur

Abraham Castilloux

Jean Moulin

Alex. LeBlanc

Zoël Duguay

Théoph. Chapados, jr.

Michel Maldemay, jr.

Salomon Delarosbil

Léopold Delarosbil

Mich. Maldemay, jr.

Abel Maldemay

Hilaire Huard

Félix Delarosbil

John Duguay

Adolphe Huard

Louis Huard jr.

Guillaume Delarosbil

Louis Huard fils Gilbert

Jos. Denis fils Louis

Wm. Giguère

John Michel

Philippe H Loisel

Jean Bte. Duguay

Pierre Albert

Jean Le Marquand

John Aspirot

Louis Horth

J. R. Levesque

Théophile Chapados fils

Moïse Huard fils L.

Théodore LeBasseur

John LeBrasseur fils Jer.

James LeBrasseur

Félix Desroches

Urb. Grenier

Guillaume Huard

Alfred Laurent

Julien de Caen

Signed) Pierre Taylor
Abel Chapados
John Horth fils Michel
Benjamin Castilloux (Hubert)
Adolphus Whittom

Thomas Garnier
Girard Delarosbil
James Horthé
John Joseph

Q. Can you give an idea of the number of signatures to that document ?

A. From one hundred and twenty five to one hundred and fifty.

Q. Did that petition set forth, was it in accord with the feeling at the time on your vision.

A. Yes. Nearly all my parishioners signed it.

Q. Public opinion required that the railway should be built much faster ?

A. Yes.

Q. The company had been in existence for a long time and the railway had been promised ?

A. Yes, if I am not mistaken from eighteen hundred and eighty two.

Q. Now is the public satisfied respecting the work done ?

Objected to by Mr. Casgrain.

Objection dismissed.

A. In my municipality, the people are well satisfied.

Q. To your knowledge ?

A. Yes.

Q. Will you state, Sir, if to your knowledge, the works are now pushed on vigorously ?

A. Yes, and I am told that in certain places they are completed and the workmen discharged, paid off and discharged. There are not now so many persons at work as before as the works are completed, the grading is about finished in some places.

Mr. Riopel :

May it please the Commission, I think, Your Honours that the Baie des Chaleurs Railway Company is still before you. May I be permitted to put a few questions to the reverend gentleman in connection with the petition that has just been read.

It seems to me that Your Honours will easily understand that it is not from a mere caprice that I think I should insist. I regret to go counter to Your Honours' views in insisting and I insisted too much perhaps just now, but here is a petition that was signed by a certain number of the reverend gentleman's parishioners and there are assertions in that petition that are incorrect. That petition is produced by the reverend gentleman. Now will the statements of that petition, as well as those of the letter produced a short time ago, be taken as admitted or not, and if they are admitted before the public, shall I not be allowed to draw Your Honours' attention to certain points which are incorrect. If I am not allowed to do so, the company will be gradually placed in so disadvantageous a position, that in the end we will be unable to give the explanations as to our conduct which we think we can give: we will no longer be able to do so. The questions which I wish to put are in connection with the declarations of the reverend gentleman in the petition he has produced.

The intention of the ministers in producing these witnesses and these documents is to justify the conduct of the Government as against the interests of the company and we wish

ollow the same line, we wish to follow them step by step ourselves whenever necessary.

Without giving further reasons, I ask to be allowed to put these questions:

Hon. Mr. Justice Jetté :—

We are inclined to allow you to put a certain number of questions, as general as to give you all possible latitude to endeavour to rebut the attacks and incriminate you or implicate you to a certain extent, but we must not go into that which would be to recommence an inquiry altogether different from that we have

By Mr. Riopel :—

Q. Please state who sent you the petition which was signed as you have just

A. The Prime Minister's secretary, Mr. Clément ?

Hon. Mr. Mercier :—

This one ?

By Mr. Amyot :—

Q. You mean sent you to day ?

A. This afternoon.

Hon. Mr. Mercier :—

He means to say handed a short time ago ?

The Witness :—

Yes, yes.

By Mr. Riopel :—

Q. Who sent you the petition for signature ?

A. I drew it myself.

Q. You drew it yourself. At whose suggestion ?

A. At my own suggestion, at that of all my parishioners.

Q. Who of your parishioners ?

A. All, because they nearly all signed it.

Q. Did you ask your parishioners from the pulpit in the church to go to sign the petition ?

A. Yes.

Q. And that generally has the desired effect ?

A. ...

Q. Did you make a few observations to your parishioners from the pulpit to the following effect : That those who wanted the road should come and that those who did not want the road need not come ?

A. No.

Q. You did not make a few observations in that sense ?

A. No.

Q. Did you give them to understand that if they did not take some such measures the road would not be continued?

A. No, Sir.

Q. In that petition which you yourself prepared, did you find that it was written in about the same terms as other petitions signed in the county?

A. I did not see the others.

Q. Did you have occasion to consult with any of your colleagues, the neighboring *curés*?

A. Before preparing this petition, yes.

Q. Who were the gentlemen whom you so consulted?

A. All my colleagues.

Q. All your colleagues in the county?

A. Not all my colleagues of the county, the majority.

Q. Name some of them, those whom you remember?

A. There were Mr. Gagnon of Port-Daniel, Mr. Beaulieu of St. Guillaume, Mr. Landry of New Carlisle, Mr. Thivierge of Bonaventure and Mr. Côté of Caplan.

Q. Please state if it is to your knowledge that these gentlemen received from the ministers or employees of the Government any suggestion in writing or otherwise to take that step, to have this petition signed?

A. It is very easy...

By Hon. Mr. Justice Jette :—

Q. You are asked if it is to your knowledge, if you know it?

A. I prepared this petition at the suggestion of the Reverend Mr. Thivierge, *curé* of Bonaventure.

By Mr. Riopel :—

Q. Go on.

A. Mr. Thivierge was to make a petition of which we were to take copies and have them signed by our parishioners, those who wished to sign, well understood. At the time as I suspected that our honourable member was in haste to receive these documents which would induce him to promote the new Baie des Chaleurs Railway Company, I hastened to prepare one myself, privately.

Q. That is not an answer to my question.

A. I told you that it was at the suggestion of Mr. Thivierge.

Q. I ask you this: Was there any question of one of the ministers or employees of the Quebec Government or public employees having written or made any communication to any one of those gentlemen, your colleagues, suggesting that step?

A. That is some time ago now, I cannot be positive but I think that at the time Mr. Thivierge gave me to understand that he was induced to have the petition drawn by our honourable member.

Q. Did he say that he received a letter to that effect?

A. I do not remember.

Q. Please say who is that honourable member?

A. Our member for the Commons... in the Local Legislature, the Honourable Mr. Mercier.

Q. Did your yourself have some conversation with the Honourable Mr. Mercier respecting the Baie des Chaleurs Railway before the signature of the document in question?

A. No.

Q. It was at the suggestion made to you by Mr. Thivierge that you decided to draw up the petition?

A. He was to draw up one himself and we would all have signed.

Q. In this petition, it is alleged that the company had received \$16,000 per mile on the road, is that to your personal knowledge?

A. No, it is in the reports.

Q. In the official reports?

A. Also in the correspondence which appeared in the newspapers.

Q. Do you mean the report of the Hon. Mr. Charles Langelier, special commissioner?

A. No.

Q. You wish to say the official report, then?

A. Yes, partly the official report and partly the correspondence which were in the newspapers in the time.

Q. Are you positive in saying that that sum of sixteen thousand dollars had been paid, that the subsidy had been paid?

A. No.

Q. You do not know if that is correct?

A. No.

Q. You will not be prepared to state under oath that the contents of that letter are true?

A. I am ready to swear what I saw in the correspondence at the time?

Q. No, but from official documents, I do not speak of the report of the commissioner or of correspondence in the newspapers, but you do not know in an official manner whether that sum was paid to the company, sixteen thousand dollars per mile?

A. I do not say that.

Q. You cannot say it?

A. I do not say that the company received sixteen thousand dollars per mile, but I say that my own knowledge, acquired either from the official documents or public reports, that I ascertained that it had a right to receive sixteen thousand dollars per mile?

Q. You state that you had ascertained that?

Q. In documents, it seems to me, that had been placed at my disposal.

Q. You speak of correspondence in the newspapers and reports outside of official reports?

A. Probably.

Q. Are you prepared to state positively that that sum must have been paid to the company?

A. I do not know.

Q. Is the declaration that is contained in the petition that the company has drawn sixteen thousand dollars per mile correct? Did the Company draw them? Is it to your knowledge?

A. I state in the petition.....

Q. Answer my question?

A. No, I did not see it.

Q. You cannot swear that the assertions contained in the petition are true?

A. That part was not under oath. I did not witness the payments nor see the receipt the time.

Hon. Mr. Justice Jetté :—

We understand that in all these matters, in the petitions which are presented, all who sign them do not verify the facts. It is a custom so well established that no one will doubt. It is not necessary to have it stated under oath. It is said: We are informed of such things.....

Mr. Riopel :—

I wish to have entered in the proceedings.....

Hon. Mr. Justice Baby :—

These things are presumed to be made in good faith.

Mr. Riopel :—

But if this good faith of the *curés* has been taken advantage of for some other speculations or some other projects that were not in view, we should expose it now.

By Mr. Amyot :—

Q. You stated that you received this suggestion from the Reverend Mr. Thivierge?

A. Yes.

Q. What was your object, was it to obtain the completion of the railway or was it to injure the company that you so acted?

A. No, not at all.

Q. You wanted to obtain the completion of the railway as soon as possible?

A. We worked to obtain the completion of the enterprise.

Q. You believed that for that purpose it was necessary that the existing state of affairs should be changed?

A. Yes.

Q. And you understood that it was also the wish of your member, in the interest of the county and of the country?

A. Yes.

And further the deponent saith not.

LOUIS CRÉPAULT, of New Richmond, physician, being duly sworn doth depose and say :

(This witness is examined at Mr. Béique's special request.)

By Mr. Béique :—

Q. You lived, doctor, at New Richmond, in eighteen hundred and eighty-nine and eighteen hundred and ninety ?

A. Yes.

Q. You were mayor of the place stated I believe ?

A. Yes, Sir.

Q. In what state was the construction of the Baie des Chaleurs Railway ?

A. In what year ?

Q. In eighteen hundred and eighty-nine ?

A. It was languishing at the time.

Q. The works were stopped ?

A. More than stopped, that is to say, they were not going on.

Q. And in eighteen hundred and ninety ?

A. They were completely stopped.

Q. Had the men been paid ?

A. No, Sir, many complained.

Q. Had the lands taken for the road been paid for ?

A. No, Sir, some had been paid for, not all.

Q. There were a great many not paid for ?

A. Many were not paid for.

Q. Do you know of a strike that took place ?

A. Yes, Sir, at Maria.

Q. Why, for what reason ?

A. Because the men wanted to be paid and were not ; they had been waiting a long time.

Q. Had great efforts been made to have these men paid.

A. No, Sir ; not by the old company.

Q. I ask you if the people to whom money was owing or did you on their behalf, make any effort to get them paid by the company ?

A. There had been efforts on the part of the clergy.

Q. Did you join in these efforts ?

A. No Sir.

Q. Did you in eighteen hundred and eighty nine write to the Government, or to any officer of the Government ?

A. No Sir.

Q. Did you not write to the government a letter representing the state of affairs and will you state of this letter whether the twenty eighth October eighteen hundred and eighty nine which is now shown to you is a copy of the letter which you wrote ?

A. Will you read it.

NEW-RICHMOND, 28th October, 1889.

CHARLES LANGELIER, Esq.,

Special Commissioner *re* claims in connection with the construction of the "Baie des Chaleurs Railway."

R.

I am not aware whether your commission authorizes you to deal with claims connected with work done in New-Richmond on the construction of the Baie des Chaleurs Railway. In my capacity of mayor of New-Richmond I beg to call your special attention to this point.

Comparatively large amounts are due to people of this municipality ; as the contractors and sub-contractors have disappeared and are almost impossible to find, it follows that many persons are really in want. Winter is approaching and these unfortunate laborers relied upon the payment of their wages for the purchase of their winter provisions ; I may even add that many of them have already discounted a portion of their wages and if they are not paid I am afraid that they will be unable to get any further credit from the merchants along the coast.

As a question of justice and humanity the Government should inquire into these claims and pay them out of the subsidy to become due for this part of the road and, as the circumstances are exceptional, legal formalities might be dispensed with, in order to assist these unfortunate victims of a dishonest system which is a disgrace to a civilized country.

Under the circumstances the Government might send its engineer to estimate the amount of work done on the railway and pay the portion of the subsidy actually earned in proportion to the work.

I would therefore beg you to ask for further instructions in case those you now have do not allow you to inquire into the cases I have just mentioned.

Hoping my suggestions will receive favorable consideration.

I remain,

Your obedient servant,

LOUIS CREPEAULT,

Mayor of New Richmond.

Q. This is it.

A. Yes, the letter of the twenty-eighth October eighteen hundred and eighty-nine addressed to Mr. Chs Langelier, special commissioner *re* claims connected with the construction of the Baie des Chaleurs railway which has just been read to me, I declare that, that letter is a copy of the letter which I wrote at the time to Mr. Langelier.

Q. Were the facts mentioned in that letter to your knowledge ?

A. Yes, Sir.

Q. In what state are the works on the railway now in ?

A. They are pushing the work since the month of August.

Q. Since the month of August last, where have the works now reached ?

A. There has been some work done all over on the twenty miles. Eighteen miles are done but not completed.

Q. Is the grading finished ?

A. Not completely finished.

Q. What remains to be done?

A. They worked in the cuttings..... they just made one cutting so as to allow the to pass to use the shovel.

Q. Have the works been pushed with vigor since the month of August?

A. Yes.

Q. How many persons worked there since the month of August?

A. Yes, five or six hundred men.

Q. They have been promptly paid?

A. Yes.

By Mr. Casgrain :—

Q. When did the works begin?

A. The works of the railway.

Q. The works which you have just spoken?

A. In the beginning of August.

Q. Not before?

A. No.

By Mr. Riopel :—

Q. Mr. Crépault will you say whether you applied to the company; you say in letter, which has just been read that the company cannot be found, is that true?

A. We did not very well know where the company was.

Q. What do you mean by that. Have you seen the statute incorporating that comp

A. No.

Hon. Mr. Justice Jetté :

It is not the company which cannot be found it is the contractors and sub-contra

Mr. Riopel :—

The letter was read in a low tone. As far as I can remember the company was tioned.

Hon. Mr. Justice Jetté.

Probably but that sentence struck me : "Comparatively large amounts are due to p of this municipality ; as the contractors and sub-contractors have disappeared and are al impossible to find.

Mr. Riopel :—

I wish to ask the witness if he ever applied to the company.

By Mr. Riopel :—

Q. Did you ever apply to the company respecting these claims.

A. No, sir.

Q. Had you seen Mr. Langelier before writing this letter?

A. No sir, I may have seen him but...

Q. Where was Mr. Langelier on the twenty eighth of October.

A. I do not remember.

Q. Was he in the county of Bonaventure ?

A. I do not know. I do not remember. He may have been there, I do not know.

Q. Do you swear that you had not seen him at that time ?

A. Yes, yes, precisely.

Q. Had you any correspondence with him ?

A. No.

Q. Do you swear that ?

A. No.

Q. Had you any correspondence with Mr. Chrysostôme Langelier ?

A. No.

Q. Or with any members of the Government or public employees ?

A. No.

Q. None ?

A. Respecting these claims ? No.

And further the deponent saith not.

FRANCOIS DION of St. Charles de Caplan, farmer, being duly sworn upon the Evangelists doth depose and say.

(This witness is examined at Mr. Amyot's special request.)

By Mr Amyot :—

Q. What is your name ?

A. François Dion.

Q. Of what place ?

A. Of St. Charles de Caplan.

Q. How long have you lived there ?

A. For the past thirty one years.

Q. You have been mayor of the municipality ?

A. Yes.

Q. You are mayor still ?

A. Yes, for the past eighteen years.

Q. Will you tell us in what condition were the works on the line of the Baie des Chas
Railway when they were stopped in eighteen hundred and eighty nine ?

A. The works were languishing.

Q. During how long had they languished ?

A. The whole time so to speak of the construction by the old company, it was
general cry and complaint.

Q. How many years had this lasted ?

A. I think it commenced in eighteen hundred and eighty six.

Q. In eighteen hundred and eighty nine when things were so languishing and
ceased ?

A. Yes Sir.

Q. For how long did things remain suspended, up to what date ?

A. Up to the month of August eighteen hundred and ninety one.

Q. Will you state whether there was satisfaction or discontent in public opinion re-
garding the suspension of the works ?

A. There was discontent.

Q. General ?

A. General.

Q. Had strikes ever taken place ?

A. Yes, there was a strike quite near Cascapedia. The cars were stopped and the
were taken up so as to take the engine prisoner, because the men were not
I even know persons who dismantled the cars which were there at the time. a
days afterward. The engine was detained prisoner.

Q. Were the persons who worked on the line paid ?

A. No Sir that is the reason they took the engine prisoner to be paid, stating that
first man who touched it would be killed.

Q. Had the persons who furnished the right of way been paid ; those on whose lar-
road passed ?

A. In my municipality the right of way had not been paid for ; we naturally did
want it, but I heard general complaints that they were not paid. It was the general c

Q. Were the persons who supplied provisions paid ?

A. No Sir, not all.

Q. When you state the complaints were general, the people were discontented and demanded the building of the road ?

A. Yes.

Q. Since the month of August, eighteen hundred and ninety-one the works have been again taken in hand by the new company ?

A. Yes.

Q. How are they pushed ?

A. They are actively pushed in my municipality, the grading is done as far as two miles below the church. That makes something like seven miles. It is said to be the terminus of twenty miles which the contractor has to build this summer. The grading is nearly all done and the men were all paid last Saturday.

Q. So public opinion is now satisfied ?

A. Very well satisfied.

Q. The road is making rapid progress ?

A. Yes. I went over the whole of the line about three weeks ago. I passed over the Grand Cascapedia by the temporary bridge and I ascertained that the stone abutments were built.

Q. Will you state whether complaints had been made to the Government of the state in which the road was before the works were again taken up. Did people complain to the Government ?

A. I was aware of a petition which, to my knowledge, came before the county council. The cancelling of the charter of the old company was asked for. The petition was passed unanimously with the exception of some who asked that the old company should have a chance if it wished to resume the works at once, that the cancellation of the charter would not be asked for.

Q. When was that ?

A. In March, the second Monday of March, eighteen hundred and eighty-one.

Q. You are speaking of the county of Bonaventure ?

A. Yes, sir, it was the meeting of all the mayors.

Q. The petition was addressed to the Government ?

A. Yes, sir.

Q. You asked the Government to annul the charter of the old company if it would not at once resume the works ?

A. Yes.

Q. And the works were not resumed ?

A. No.

Q. It was only in the month of August that the works were resumed ?

A. Yes.

Q. And pushed vigorously ?

A. Yes.

Q. And public opinion satisfied ?

A. Some made some objections. They said we want to give complete satisfaction to the old company. We want to have the road finished.

Q. It was considered as necessary, it was considered as a public necessity to have the railway immediately ?

A. Yes.

Q. The public were worried by the long delay ?

A. Yes Sir. If it is necessary to give you further proof, I myself paid some of the

people and I even lent money to pay the people, poor workmen who had suffered for years, but I had no dealings with the company. I never made a copper out of the railway company. I even lent money to pay ; seventy-two dollars and thirty three cents, I think this was returned to me by Mr. Langelier the commissioner, and further in March eight hundred and ninety, I made a payment of something like three hundred dollars to people who could not be paid because they were so far off. They did not attend the inquiry by Mr. Langelier, so I asked the commissioner Mr. Langelier and I got them paid something like three hundred dollars, to poor persons for whom I had the time bills on Mr. Armstrong's return.

Q. Will you listen to the reading of the following document and state if it is the solution to which you alluded a short time ago ?

PROVINCE OF QUEBEC,

Municipality of the County of Bonaventure.

" At the general session of the Municipal Council of the County of Bonaventure, held at New-Carlisle, in the aforesaid County of Bonaventure, on Wednesday the tenth day of the month of December eighteen hundred and ninety, in conformity with the provisions of the Municipal Code of the Province of Quebec, at which session were present the Warden James Enright, mayor of the municipality of the township of Port-Daniel and the following Councillors, William LeBoutillier Fauvel, mayor of the municipality of New-Carlisle, Walter C. Ross, mayor of the township of Hope, Edmond Legault, mayor of the municipality of Paspébiac, F.-X. Chapados Mayor of Port Daniel, François Dion, mayor of St Charles de Caplan, Napoléon Poirier, mayor of the municipality of Hamilton, Ludger Lucier, mayor of the municipality of Maria, Pierre Gauthier, mayor of the municipality of Nouvelle and Shoolbred, Nicolas Arseneau, mayor of the municipality of Carleton, forming a quorum of the council under the presidency of the Warden of the said County. It was ordained and resolved by resolution of the Council as follows : Proposed by S. L. Fauvel, Esquire, seconded by François Dion, Esquire. That this Council taking into consideration that the financial difficulties of the " Baie des Chaleurs Railway Company " with its contractors ; the cessation of the works since the past twelve months, with no appearance of their being resumed, at an early date, is the cause of great distress and disappointment to the majority of the inhabitants of this County, compelling them to migrate to the United States and depopulating the County. Be it therefore resolved that this council in session assembled, respectfully prays his Honour the Lieutenant-Governor in Council, that should the said Company refuse to take immediate steps to resume the works and take measures for the completion of the road to Paspébiac within two years from this date, then and in that case to revoke and annul the Charter of the said Company and grant it to another Company who will assure and guarantee the speedy termination of the road within the above mentioned date and that a copy hereof be forwarded to the Honourable Honoré Mercier, member of this County and Prime Minister of the Province of Quebec for presentation to the Lieutenant-Governor in Council, and that a copy thereof be transmitted by the secretary-treasurer of the public press for publication. Passed unanimously.

(Signed) JAMES ENRIGHT,
Warden.

L. P. LEBEL,
Secretary-Treasurer

True copy,

L. P. LEBEL.

A. Yes, Sir, that is really the resolution which we passed and which I mentioned ; that is it.

Q. This petition is of the tenth December eighteen hundred and ninety ?

A. Yes, it was adopted in March the second Monday of March at a meeting of the county council.

Q. The François Dion therein mentioned is yourself ?

A. Yes, it was I who seconded the motion.

Q. And were all the mayors of the county mentioned therein present ?

A. Yes, Sir.

Q. The resolution is correct.

A. Yes, it is correct. It was read before the council in English and French.

Q. Was not the same petition forwarded to the Government ?

A. Yes, Sir. That is at any rate the sense of the document which was read in the Council and which we passed. They are the very words.

By Mr. Riopel :—

Q. You declared that the works had been commenced in eighteen hundred and eighty six ?

A. To the best of my knowledge.

Q. And discontinued about eighteen hundred and eighty nine ?

A. Yes.

Q. Will you state what quantity of work had been done at the time ?

A. There was from Metapedia to Grand Cascapediac.

Q. How many miles ?

A. About sixty miles. I myself went on the cars.

Q. The road was almost completed ?

A. Not at all ; there were temporary bridges over most of the rivers with the exception of one iron bridge which I noticed.

Q. There was work done on the sections from the sixtieth to the seventieth mile ?

A. Yes.

Q. Is it to your knowledge that all the locating and surveys had been made ?

A. Yes.

Q. And you consider that the construction of sixty miles in part built and the locating of the road made from the summer of eighteen hundred and eighty-six to eighteen hundred and eighty-nine, that that was languishing, that is your opinion ?

A. Yes Sir, we find it is very languishing when we are about a year waiting and the construction does not go on and the men are not paid.

Q. I am speaking of September eighteen hundred and eighty nine, do you wish to state that it was one year that the people were waiting for payment at that date ?

A. I did not speak of eighteen hundred and eighty nine. I cannot state at that date.

Q. Is it not admitted that Mr. MacFarlane had paid the claims, had paid his men ?

A. It is said that Mr. MacFarlane had paid his men very well.

Q. Is it not true that on the section of seventy miles there was not much more than a month that the work had been commenced on that section ?

A. Section K you mean. I think it lasted a couple of months.

A. Do you know how this resolution adopted by the county council, originated ; who first just started the idea of passing that resolution ?

A. Yes Sir.

Q. Who ?

A. The way I know of it was this, all the people applied to us, even in the council, asking us to find the means of getting the company to disappear or to continue the works, to find some improvement, or to get the men paid who were unpaid, who were crying out with hunger and that is to my knowledge.

Q. That was in eighteen hundred and ninety-one ?

A. Yes.

Q. Before eighteen hundred and ninety-one, before you had passed that resolution had there been any suggestion on the part of any one ?

A. No, not that I know of.

Q. Not directly to you ?

A. Not that I know of.

Q. Have you been given to understand that it was the suggestion of the ministers ?

A. All that I know of the petition was that when I reached the council, Mr. Fauvel showed me the petition and asked me if I would support him in the motion. I said yes, with all my heart.

Q. Did he say what the Government intended to do ?

A. No. It was we who wished to suggest a means to the government ; we wanted to have the road.

Q. Had you occasion to speak to Mr. Mercier about the company ; was there any question of his intention of making the company disappear ?

A. No, he never spoke to me of making the company disappear.

Q. You are very positive of that ?

A. From what I remember the Honourable Mr. Mercier never spoke to me of making the company disappear.

Q. You had nothing against the company ?

A. No, not one cent of a claim. I never had anything to do with it and I thank God for it ?

Q. You had no other reason for working against the company than the public interest ?

A. Only the public interest. I lent money in the interest of the public of the municipality to help some poor fellows who were in want.

The Commission adjourned until the following day the 16th October 1891 at 11 o'clock A. M.

J. BÉLANGER,

Secretary of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province constituting and appointing the Honourable LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

5th SITTING.

The sixteenth day of October in the year of our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice	LOUIS-A. JETTÉ,	President,
"	"	"
"	"	"
"	"	"
	LOUIS-FRANÇOIS-GEORGES BABY	
	CHARLES-PEERS DAVIDSON.	

Commissioners.

Hon. Mr. Justice Jetté :—

I have noticed that there are many comments in the newspapers upon the proceedings of the Commission. We do not intend to interfere, only I will make one remark which I hope will be taken in good part. That is that acrimonious comments will certainly not advance matters and may, on the contrary, have a bad effect. For example sometimes it is said that such or such evidence is perhaps not plausible. We take these depositions on oath; consequently, until regularly contradicted, they must be taken as they are.

If there are any facts within the knowledge of any journalist or of any other citizen which may be of interest to the Commission, it would be better that they be communicated in the regular way, by deposition or by a complaint to be made to the Commission.

We think, therefore, that we should make these observations to the press so that such comments may be made calmly and moderately and our task be thereby made easier.

Mr. Béique :—

I consider, Your Honours, that it is my duty to call the attention of the Commission to the article which was published in the *Canadien* of this morning which complains to the Commission and to the Government, I think, that Mr. Armstrong's claim was not a regular

claim to the amount of the (\$298,000) two hundred and ninety eight thousand dollars which were mentioned.

I think it is our duty to point out this article to the Commission and to ask that steps be taken, within as short a delay as possible, to have the editor of the *Canadien*, or the person who wrote the article, substantiate the facts mentioned in it.

Hon. Mr Justice Jetté :—

The remarks which I made referred more especially to that article and we will give an opportunity during the course of the inquiry to the person who wrote it to establish on oath the statements it contains ; he may be examined as a witness.

We will interrupt, for a moment, the proof which you have commenced, Mr. Béique, so as to proceed with the examination of the Clerk of the Senate who is here with all the documents that were produced before the Senate Committee ; when they are placed before the Commission, we may discharge him.

EDOUARD J. LANGEVIN, Clerk of the Senate of Ottawa, aged 58 years, being duly sworn upon the Holy Evangelists doth depose and say :

By Hon. Mr. Justice Baby :—

Q. Mr. Langevin, you are Clerk of the Senate, if I mistake not?

A. Yes, Your Honour.

Q. You were such during last session?

A. I was.

Q. Is it to your knowledge that an inquiry was made before a Committee of the Senate during last session, respecting a bill which concerned the Baie des Chaleurs Railway?

A. Yes, Your Honour.

Q. Were there produced a certain number of exhibits during that inquiry?

A. There were a certain number produced.

Q. Have you them with you?

A. I have them here.

Q. Have you a list of those exhibits?

A. Yes, I have a list thereof, which I produce, as also the depositions.

Q. We do not want the depositions?

A. The exhibits, the depositions, and further the copy of the bill, as sanctioned by His Excellency.

Q. Have you a complete list of those exhibits with you.

A. Yes.

Q. Is it complete?

A. It is complete.

Q. Are these exhibits originals or only copies?

A. Some are originals, others are copies.

Mr. Béique :—

I would suggest that the exhibits be deposited upon the Commission and produced as they are required.

Hon. Mr. Justice Jetté to the witness :—

Q. But they are those which were produced?

A. They are those which were produced. They are all the exhibits as produced before the Committee; there are a certain number which have been returned to the parties. According to the tenor of the report of the Committee, it was ordered to return them and they were in consequence returned.

Q. Can you tell us what are those which remained in your possession and of which you are now the depositary indicating them simply by numbers?

A. From one to fifty inclusively, from fifty-one to sixty-two inclusively, from sixty-four to sixty-five E, from sixty-eight to ninety-seven inclusively, which complete the list. I deposit them in the hand of the clerk.

By Hon. Justice Baby :—

Q. To whom did you return the other exhibits, designating them one after the other you however can do so ?

A. Exhibits fifty-one *a* to fifty-one *t* were returned to Mr. Thom's attorney.

Q. Who is he ?

A. Mr. Ferguson, advocate, of Ottawa.

Q. Mr. Thom who is mentioned in the bill as being one of the directors or the secretary of the new company ?

A. Exactly. The exhibits sixty-three, sixty-three *a* and sixty-six and sixty-seven were returned to Mr. J. C. Langelier ; but I must say that it was not I who caused them to be returned to Mr. Langelier ; it was Mr. Creighton law clerk and secretary of the committee

Q. J. C. Langelier that is Jean Chrysostôme Langelier ?

A. I do not know.

Q. Did you return any to other persons ?

A. Not to others.

By Mr. Casgrain :—

Q. Mr. Langevin, have you checked over the exhibits in that parcel with the list you have in your hand ?

A. Perfectly. I checked them over.

Q. You are certain that all the exhibits mentioned in your list, with the exception of those you excepted, are in that parcel ?

A. To the best of my knowledge I checked them over as being there.

And further the witness saith not.

HENRY CLAPPERTON, of Maria, Merchant, being duly sworn upon the Holy Evangelists, doth depose and say :

(This witness is examined at the special request of Mr. Béique.)

By Mr. Béique :—

Q. How long have you lived at Maria, Mr. Clapperton ?

A. For about thirty-six years.

Q. Does not the Baie des Chaleurs Railway Company traverse the locality in which you live ?

A. Yes, Sir.

Q. Have you been mayor of that municipality ?

A. No, Sir, I was not mayor.

Q. You are a merchant ?

A. Yes.

Q. As such, you have constant relations with the population down there ?

A. Yes.

Q. You are well acquainted with public opinion in that part of the country ?

A. Yes, Sir.

Q. Will you have the kindness to state whether operations on the Baie des Chaleurs Railway were actively carried on in (1889) eighteen hundred and eighty-nine or whether at that time the works had not been discontinued ?

A. The works were discontinued.

Q. Up to what time did they remain discontinued ?

A. I cannot say exactly, but up to the time that the works were recommenced by the present contractor.

Q. During the course of August last, was it not ?

A. About that time.

Q. It is Mr. Hogan who now oversees the works for the new company ?

A. Yes.

Q. When the works were discontinued, were there any claims outstanding against the company, the contractor or the sub-contractors ?

A. Yes, there were claims against the contractor and the sub-contractors.

Q. Were the public discontented ?

A. Much so.

Q. Were there also many complaints ?

A. Yes, there were a great many complaints and a great deal of discontent.

Q. Were the people in a hurry to see the road built ?

A. Yes, very much so.

Q. Did the people complain that the construction was dragging and did not advance in satisfactory manner ?

A. They complained of delay in the payments.

Q. And in the construction of the road, of course ?

Mr. Hall objects to the question.

Q. They complained that their wages were not paid ?

A. Exactly.

Q. Is public opinion satisfied, down there, now, since the works have been recommenced?

A. It seems to be satisfied, payments are very punctually made.

Q. Are there many persons at work on the road?

A. A great many. I cannot state the exact number of persons who are at work, but an average of three hundred to six hundred are employed there.

Q. Every one wished that the road should be built, and that the debts should be paid, did they not?

A. That is what was wanted.

Q. The non performance of these things caused discontent, did it not? and now no one is satisfied on finding that the road is being built and that the debts are being paid?

A. People generally are satisfied.

And further the deponent saith not.

JEAN FRANÇOIS GUITÉ, of Maria, in the county of Bonaventure, merchant, aged 39 years, being duly sworn upon the Holy Evangelists doth depose and say :

(This witness is examined at the special request of Mr. Amyot.)

By Mr. Amyot :—

Q. You reside at Maria ?

A. Yes, sir.

Q. In what county ?

A. In the county of Bonaventure.

Q. You are the mayor of the place, I believe ?

A. No, sir.

Q. Have you been mayor ?

A. No.

Q. The Baie des Chaleurs railway traverses the municipality in which you live, does it not ?

A. Yes, sir.

Q. In eighteen hundred and eighty-nine (1889) and eighteen hundred and ninety (1890) you resided at Maria ?

A. Yes, sir.

Q. In what condition was the road, the works ? were the works stopped ?

A. The works were stopped ; the road was partly finished as far as river Grand Casca-
pedia.

Q. About what time were the works stopped ?

A. In eighteen hundred and eighty-nine (1889).

Q. Why were the works stopped, from the knowledge you have of them ?

A. I know that the laborers, the workmen, ceased working, went on strike in (1889) eighteen hundred and eighty-nine, because they had not been paid.

Q. And were the proprietors who had furnished the land for the road generally paid ?

A. A great number were, many were not.

Q. What was the feeling in your municipality and in the county generally in eighteen hundred and eighty-nine (1889) and in eighteen hundred and ninety (1890) respecting that road ?

A. It was generally said the company paid very badly.

Q. What did people generally ask ?

A. The laborers wished to be paid and they were not.

Q. But the people of the county, did they interest themselves in the immediate construction of the road ?

A. Certainly.

Q. Do you know if representations were made to the Government on this subject ?

A. I know that it was often said that representations should be made to the Government, to both Governments, so as to get the charter of the old company annulled.

Q. Now what is the present condition of the works, how were the works pushed during summer, and how are they now being pushed ?

A. From the date when the works ceased in eighteen hundred and eighty nine (1889) nothing was done until eighteen hundred and ninety one (1891) this year: the works were recommenced quite recently by the new company, and they are going on very well.

Q. At about what time were the works resumed this year?

A. In the beginning of September, I think.

Q. Or in the month of August perhaps?

A. Yes, about the end of August.

Q. About how many persons have been employed since the end of August?

A. I think that there were from three hundred to six hundred persons; latterly there must have been about four hundred persons employed.

Q. The works were pushed with much energy?

A. With much activity; everyone agrees upon that point.

Q. Feeling has gone down?

A. Very satisfied.

Q. The people are satisfied?

A. Yes.

By Mr. Riopel:—

Q. You say Mr. Guité that there were many complaints against the company because workmen were not paid; you know that it was the contractors who always paid and not the company?

A. We always said the company; we thought that the company was responsible.

Q. Yes, but answer my question, you know that it is the contractors who always paid the company never attended to the payment, is it not so?

A. I do not know that.

Q. Were you yourself paid by contractor MacFarlane, did you draw money from him?

A. Mr. MacFarlane owed me, for a long time, but I could not get paid; it was the Government that paid, it was Mr. Langelier.

Q. Out of what money?

A. I do not know what money; I got money.

Q. You do not know that it was out of money which had been transferred to pay MacFarlane's debts out of the subsidy that had been transferred to pay MacFarlane's debts? Do you know that what was paid to you was paid out of the Quebec subsidy, and that it was the money which had been transferred to pay the works of MacFarlane?

A. I knew that it was money from the subsidies of the Province of Quebec.

Q. Did you not know that that money from the subsidies was transferred to pay MacFarlane and that Mr. MacFarlane had a right to those subsidies?

A. I knew nothing of it.

Q. Now did you draw money from MacFarlane's sub-contractors?

A. Yes.

Q. Did you draw any money from the company?

A. I drew some from yourself, Mr. Manager; when you paid me for the right of work

Q. You are speaking of the right of way ; do you know many in the parish of Maria were not paid ?

A. No. I for one, I do not know how many others.

Q. You are not paid ?

A. No.

Q. For what part ?

A. My neighbour's land which I bought last winter is not paid for.

Q. Then, there was nothing due you when the right of way was paid for ? Did you notify the company that you were proprietor of that land ?

A. The last.

Q. The new company ?

A. Yes.

Q. Not the old one ?

A. No.

Q. Will you give the name of the person from whom you purchased the land ?

A. John McDonald.

Q. Do you know that Mr. John McDonald was absent when the right of way was paid for ,

A. Yes.

Q. Is it to your knowledge that Mr. McDonald told you that I had told him that I would send him the money, that he had only to appoint an attorney and that I would send him the money ? he must have spoken to you of the right of way ?

A. I do not remember that.

Q. Are there any other persons at Maria who are not paid to your knowledge ?

A. Just now I do not know any thing about it, I have not made inquiries ; there were some for a long time.

Q. Do you know if there any who have been paid recently ?

A. I do not know.

Q. Since a year ?

A. I do not attend to that.

Q. You have not been able to ascertain that anyone has been paid since (1889) eighteen hundred and eighty nine ?

A. All that I know is that the school commissioners were paid recently for a right way.

Q. They were paid ?

A. They were paid recently for a right of way. I was a school commissioner and I remember that we often wrote to you, to you Mr. Riopel, as Manager of the company for payment of this right of way and we could not get it ; it was only quite recently that we were paid.

Q. Is it not true Mr. Guité that before obtaining payment a valuation of work had to be made. Is it not true that we had correspondence respecting that valuation of work and that Mr. Armstrong had been entrusted with seeing to that payment.

A. The valuation, I think, must have been all made ; the amount was settled upon ; there only remained the payment to make as far as I know ; it was the payment only that was wanting.

Q. That was when the difficulties commenced, was it not ?

A. Since eighteen hundred and eighty-nine (1889).

Q. It is a fact that since eighteen hundred and eighty-nine (1889), since the difficulty commenced, no payment was made. Is it not true, Mr. Guité, that in the parish of Maria where there was more than two hundred proprietors, there are not ten to your knowledge who have not been paid for the right of way?

A. I do not know the number.

Q. You said a short time ago that there were several persons who were not paid; you indicate others than the one you mentioned a moment ago, Mr. McDonald?

A. I heard that Mr. Arthur Cyr, farmer, of Maria, had not been paid.

Q. To your knowledge Mr. Arthur Cyr has been absent in the United States for several years, has he not?

A. Yes.

Q. And it was impossible to settle with him in his absence?

A. His father represented him while he was absent and he returned some years ago within two years.

Q. He was not in this country at that date in (1889) eighteen hundred and eighty-nine and previously?

A. I think he was in Maria in eighteen hundred and eighty-nine.

Q. You are not positive, are you?

A. I am almost certain.

Q. Did you apply directly, Mr. Guité, to the Company for any payment outside of what you have mentioned a moment ago for right of way?

A. I applied to the manager of the company, who was yourself Mr. Riopel on behalf of the school commissioners of Maria.

Q. Outside of this right of way, for a claim?

A. No.

And further the deponent saith not.

ERNEST GAGNON, secretary of the department of Public Works of the Province of Quebec, being duly sworn upon the Holy Evangelists, doth depose and say :

By Mr. Justice Baby :—

Q. You have various documents to produce ?

A. The subpoena served upon me required the production of a letter from Mr. Thom to the Honorable Mr. Garneau dated the seventeenth of april (1891) eighteen hundred and ninety one, original and copy ; I exhibit the original and I produce the copy :

“ QUEBEC, 17th April, 1891.

To Hon. P. GARNEAU,

Commissioner of Public Works

and Premier ad interim.

SIR,

“ We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway. If the following proposition is accepted by the Government, the Company, under the management of a new Board of Directors, will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st December, 1892, from Cascapedia to Paspébiac, and thence to Gaspé Basin as soon as circumstances will permit.

“ For the carrying out of the present proposition, it is understood that the government shall pay the Company :

“ 1. The balance of the subsidy granted by the Statutes of Quebec, 45 Vict., ch. 23 and amendments and 51-52 Vict., ch. 91, sec. 12 amounting to \$260,000.00 to be payable as earned ;

“ 2. The subsidy of \$50,000.00 granted by the statute of last session, 54 Vict., ch. 88 sec. 1, sub-section i, to be payable as soon as the bridge over the Grand Cascapedia is finished and accepted by the Government ;

“ 3. To comply with the intention of the law, the subsidy of 800,000 acres of land, granted by the statute of last session 54 Vict., ch. 88, sec. 1, sub-section j, shall be converted and the proceeds thereof shall be used by the Government to pay the legitimate and privileged claims (in accordance with the above cited act) now existing against the road or against the Company. and if any surplus should exist after the payment by the Government of all the claims now existing against the said road as aforesaid, such surplus, if any, shall go to the new Company on final settlement ;

“ The said debts and claims, after they shall have been approved and certified by Mr. M. Thom, representing the Company, shall be paid by a person appointed by the Government for that purpose, and failing such approbation and such certificate by Mr. Thom, they shall be paid upon a judgment or arbitrator's report in favor of any claimant. When the Commissioner appointed by the Government shall accept a claim, and Mr. Thom refuses his certificate and approbation, then and in each case the claimant has an absolute right to an arbitration and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an

arbitrator after fifteen days notice to do so, the Commissioner may then pay the claim his action shall be binding on all parties.

"As a guarantee that they will go on with the works, build, complete and run the road the Company will deposit with the Government, bonds of the actual emission to the amount of five hundred thousand dollars (\$500,000.00), which shall be exchanged for an equal amount of bonds of another issue of same amount and value in case the company would deem proper to cancel the present issue and replace it with others, or other satisfactory security in lieu thereof, it being distinctly understood that the Company will be handed back the bonds or other security so deposited, on the completion and sufficient equipment of the road to Paspébiac.

"The Board of Directors of the Company under the new organization shall be composed as follows: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal, and two other persons to be named by the Government;

"On the sixty miles of the said road comprised between Metapedia and the big rapids Cascapedia, the Company will resume the work as soon as they can take possession of this section, and on the 40 miles ending at Paspébiac, surveys will be commenced as soon as the present proposition is accepted and the works will proceed with the utmost diligence.

The whole respectfully submitted,

(Signed), A. M. THOM."

Q. You have the answer to that letter?

A. The archives of the department of Public Works for what concerns railways are under the custody of Mr. Moreau. I was simply asked to produce this letter. I went to Mr. Moreau's office and he gave it to me.

Mr. Amyot :—

Will the Commission allow me to observe that the words "legitimate and privileged claims" which are in the original are not found in the official copy, French translation. There is only "legitimate claims." As this is a point which might become important, I would once draw the attention of the Commission to the fact.

The witness :—

After "legitimate" there are in the margin "and privileged claims in accordance with the above cited act," and they are signed with Mr. Thom's initials.

By Hon. Mr. Justice Jetté :—

Q. They are found in the copy, are they not?

A. Yes.

Mr. Amyot :—

But they are not found in the official copy which we have.

By Hon. Mr. Justice Jetté :—

Q. Where is this word, the word "legitimate" to be placed ; is it before "privileged" or after "privileged" ?

A. There is a repetition of the word "legitimate" which indicates there is a reference after "legitimate." There were originally "legitimate claims now existing over the road" after "legitimate" there were added "and "privileged claims in accordance with the above cited act;" and the word "claims" is repeated ; a dash is necessary to indicate that the original subject is resumed.

Hon. Mr. Justice Baby :—

It is an error in the translation.

Mr. Casgrain :—

There is another one also.

By Hon. Mr. Justice Baby :—

Q. You have another document to produce ?

A. I was written to yesterday asking me this : " Mr. Ernest Gagnon will be good enough to produce before the Royal Commission a letter from Mr. Garneau to Mr. Thom telling the latter that he was going to settle the matter on the 15th March (1891) eighteen hundred and ninety-one." I asked Mr. Moreau, who, as I have just stated, has charge of the railway office, and he told me no such letter existed neither of the 15th. March (1891) eighteen hundred and ninety-one nor before nor since ; there is no trace of it in the department.

Mr. Casgrain :—

A mistake was made in the date ; it is not the fifteenth of March at all.

The witness :—

Neither before nor after, there is none in the department from what Mr. Moreau states ?

By Mr. Casgrain :—

Q. You are the secretary of the department of Public Works ?

A. Yes Sir.

Q. As such you are the guardian of the archives of that department ?

A. In a general way, yes, through subordinates ; but the department of railways is annexed to the department of Public Works and according to custom, to the traditions and usage, practically, it is Mr. Moreau who has continued to be the guardian of the archives of the railway office.

Q. Now, since, let us say April this year, did you see the record of the department of Public Works of this Baie des Chaleurs Railway matter, comprising the documents that were passed, written or signed in connection with the carrying out of the act 54 Victoria Chapter 88 ? Did you see that record ? Did you see those papers ?

A. I had the record but I did not look at it fully.

Q. You did not look at it fully ?

A. No.

Q. You did not examine it ?

A. Not completely. I saw certain letters, I saw for example, a copy of a letter of instructions to Mr. Chysostôme Langelier.

Q. By whom ?

A. By the Honourable Mr. Garneau, I am not at all familiar with the record as it is very exceptional for me to attend to railway matters, the Honourable Commissioner always entrusts these matters to Mr. Moreau.

Q. Now when the passing of the the Order in Council No 257 two hundred and thirty seven was in question and of the other Order in Council appointing Mr. Chrysostôme Langelier, was the department aware of what was going on ?

A. I had no knowledge of it.

Q. You had no knowledge of any of those things ?

A. Mr. Chrysostôme Langelier is not at all attached to the department of Public Works nor to that of railways, he is attached to the department of the Provincial Secretary.

Q. He is assistant provincial registrar ?

A. Yes.

Q. Who is his departmental chief ?

A. It is now the Honourable Mr. Charles Langelier.

Q. His brother ?

A. Yes.

Q. When you saw the record lately, did you see in it, yes or no, a letter from the Honourable Mr. Garneau to Mr. Thom dated between the twenty-third April and the twenty-eighth April ?

A. I did not see such a letter ; I scarcely know the record.

Q. The person who could give us the informations about it is Mr. Moreau, is it not ?

A. It is Mr. Moreau.

Q. Now, have you in your department any document, any letter from the Honourable Mr. Garneau or any other persons respecting the doubling up of the land subsidy or of the subsidy which is mentioned in the Act 54 Victoria, chapter 88, in favor of the new syndicate or of the reorganized Company.

A. I know nothing about it.

Q. It is Mr. Moreau who can give us information concerning that, if it exists ?

A. Yes.

Q. Now, there is a book in your department in which the letters are press copied, there not ?

A. Yes, there are several books.

Q. Is it you who has the custody of the letter book in which is taken the impression of all the letters written by the Honourable Mr. Garneau or by his department respecting the matter now occupying our attention ?

A. No, Sir, it would be Mr. Moreau.

And further the deponent saith not.

THE HONOURABLE PIERRE GARNEAU, of the city of Quebec, Commissioner of Public Works of the Province of Quebec, being duly sworn upon the Holy Evangelists doth depose and say :

Hon. Mr. Garneau :

I would ask the Honourable Commissioners to allow me to read my deposition which I have prepared as completely as possible, so as to save time; then, I may be questioned, if it is desired. I will be at the disposal of the Commission.

Hon. Mr. Justice Baby :—

Have you any objection to that, gentlemen?

Mr. Casgrain :—

Yes. I do not think that Mr. Garneau can read his deposition.

Hon. Mr. Justice Baby :—

Mr. Garneau could refer to his notes in giving his deposition.

Mr. Casgrain :—

Mr. Garneau may refer to his notes to refresh his memory, but to read a deposition seems to me to be an exceptional and extraordinary proceeding.

Mr. Amyot :—

That was the procedure adopted by Sir Hector Langevin and every one found that proceeding very reasonable and every one could cross-examine him afterwards.

Mr. Garneau :—

I may be questioned on all the points if desired; it is to facilitate matters that I made the request.

Hon. Mr. Justice Baby :—

We have endeavoured to proceed as far as possible in the same way as proceedings are had before the courts and you must know that before the Courts this is not done.

Mr. Bêique :—

I may mention another precedent. Before a commission of a similar kind, in the matter of the Court House, the Honourable Mr. Justice Mousseau was allowed to read his deposition. I understand that the Honourable Mr. Garneau makes the application so to give his evidence in a more connected manner and he offers at the same time to answer all questions that may be put to him.

Mr. Casgrain :—

His offer is very generous.

Mr. Bêique :—

In the Pacific matter, the same thing was done by Sir Hugh Allan.

Hon. Mr. Justice Baby: -

Very well Mr. Garneau, you may read your deposition.

Mr. Garneau, (reading):—

On Mr. Mercier's departure for Europe, I was requested to replace him as Premier *ad interim*, and I also replaced Mr. Boyer, treasurer *ad interim* during a portion of the absence of Mr. Shohyn who accompanied Mr. Mercier.

Among the important questions which Mr. Mercier left me to manage was that of the Baie des Chaleurs Railway Company, reputed to be insolvent for some time and consequently incapable of completing the works of construction of the road, notwithstanding large subsidies it had received from the federal and local governments. The difficulty was to cause the then shareholders and directors of this company to disappear, to replace them by others who would be in a position to get to work and to push the works with activity.

Shortly after Mr. Mercier's departure, that is in the month of April, Mr. Augustin Thom, of Montreal, representing a syndicate of responsible capitalists, placed himself in communication with my department and after several interviews and conversations received from Mr. Thom the letter of the seventeenth of April (1891) eighteen hundred ninety-one, which Mr. Gagnon, the secretary of my department produced before this Commission as **Exhibit No. 10**.

I discussed with my colleagues who were present and I myself studied with all possible care the conditions contained in that letter and I experienced great difficulty in coming to a definitive conclusion. I felt uneasy in taking the responsibility of such an important transaction and concluding it in the absence of Mr. Mercier; notwithstanding that I was satisfied that the transaction would be advantageous to the Province. I had great difficulty in conquering my repugnance to concluding it, which I did only after advising His Honour the Lieutenant-Governor of all that had passed to my knowledge and obtained his opinion of the Attorney General as to the legality of the transaction.

I drew and caused several drafts of reports in council to be made, which I corrected which I amended after discussion and consultation, and finally on the twentieth of April I decided upon the report in council number (237) two hundred and thirty-seven approved by the Lieutenant-Governor on the twenty-third April (1891) eighteen hundred ninety-one and of which the Clerk of the Executive Council has produced a copy before this Commission as **exhibit No. 1**.

I was, up to the time when the fact was declared before the Senate Committee in summer, always unaware that Ernest Pacaud, director of the political newspaper *L'Éclair* had any interest in this matter and I solemnly declare that if I had known at the time of this strange bargain between him and Mr. Armstrong, I would have broken off all negotiations and as far as I can know, my colleagues present in Quebec, were in the same state of ignorance as myself.

All my relations were with Mr. Thom and I had none with Mr. Pacaud, except that a few days before the Order in Council was adopted, Mr. Pacaud having come to my house, told me that Mr. Thom was beginning to be impatient of the Government's delay and spoke of leaving; this Mr. Thom had already told me himself. I told him I believed Mr. Thom would not do any thing of the kind, for in addition to this transaction appearing to me of evident advantage to the Province, I knew, and several of my colleagues had told me, that Mr. Mercier would be grieved to know that the Government had mis-

such a good chance to press the construction of a road which he had promised and which he was so anxious to have built in the interest of the Gaspé region.

After long negotiations with Mr. Thom and having been assured by the opinion of the Attorney General and by the deposit of (\$500,000.00) five hundred thousand dollars of debentures of the Company, bearing first mortgage on the whole road as security for the executing of the bargain, I made the report to the council which I have already mentioned.

After the approval of that report by his Honour the Lieutenant-Governor and the appointment of Mr. J. C. Langelier as commissioner to pay the claims, which appointment was made by the Order in Council number (238) two hundred and thirty-eight, sanctioned on the twenty-third April (1891) eighteen hundred and ninety-one, the ministers then present in Quebec considered themselves authorized to proceed to the execution of the arrangement, to cause the debts which were approved by Mr. Thom to be paid and to procure for me the funds necessary for such purpose by means of the two following letters.

These are the two letters which have already been mentioned and which I need not read, one letter for (\$100,000.00) one hundred thousand dollars, and another for (\$75,000.00), seventy-five thousand dollars. I will read them if it is desired.

Mr. Bédard :—

It would be better to read the letters.

Mr. Garneau (reading) :

QUEBEC, 28th April 1891.

TO THE CASHIER OF THE UNION BANK OF CANADA,
Quebec.

SIR,

You are hereby authorized to advance to Jean-Chrysostôme Langelier, Esquire, commissioner appointed by Order-in-Council number two hundred and thirty-eight (238) of the twenty-third April eighteen hundred and ninety-one (1891), to pay the claims against the Baie des Chaleurs Railway Company, the sum of (\$100,000.00) one hundred thousand dollars, to be by him employed in payment of the said claims under authority of Order-in-Council number two hundred and thirty-seven (237) of the twenty-third of April eighteen hundred and ninety-one (1891), which sum of one hundred thousand dollars (\$100,000.00) will be paid by the Treasury Department of the Province of Quebec to the Union Bank of Canada on or before the tenth July eighteen hundred and ninety-one (1891) together with interest at 5% per annum from the first of June next until the date of payment.

This payment will be effected out of the subsidy granted by the act 54 Victoria, chapter 11, section 1st., sub-section J., the payment of which has been authorized by Order in Council number two hundred and thirty-seven (237) of the twenty-third April eighteen hundred and ninety-one (1891).

I have the honour to be, Sir,

Your very humble servant,

(Signed) P. GARNEAU,

*Treasurer of the Province of Quebec
and Prime Minister ad interim.*

(Here now is another letter of the same tenor, addressed to the cashier of La Banque Nationale at Quebec. It is the exact copy of the other, except that the figures are (\$75,000.00)

seventy-five hundred thousand dollars in place of being (\$100,000.00) one hundred thousand dollars. It is the same signature and the same tenor.)

I gave these two letters, because the treasury had not at its disposal at the time the necessary funds, but counting that Mr. Shehyn would put at my disposal after the tenth of July then next the necessary funds to honour the engagements, I had entered into with the approval of my colleagues, which in any case is what was done as I had anticipated.

I never had and I have not yet, notwithstanding every thing that has been said and done recently, the slightest doubt as to the perfect regularity of the transaction in so far as the Baie des Chaleurs Railway Company and the Government are concerned. Every thing was done honestly, openly and regularly, from a business point of view solely, without the intervention of any intermediary, and, it is useless for me to say it, without my receiving or without my colleagues having, to my knowledge, received any reward, favour, promise or value of any kind, either directly or indirectly.

I state this with all the more confidence that I have a sufficiently long experience in political matters, having performed the duties of minister of the Crown during nearly ten years, and having been since my youth constantly engaged in important commercial transactions.

In conclusion, I must add that I myself dictated to Mr. Mercier the explanations which he states as having come from me at page 38 of the official correspondence between his Honour the Lieutenant-Governor and Mr. Mercier, explanations rendered necessary by the observations made by His Honour in his letter of the seventeenth September last as stated at page twelve of the same official document. I affirm that these explanations are true in their entirety.

And I have signed.

(Signed) P. GARNEAU.

Mr. Casgrain :—

Are we to understand that this declaration is produced or not?

Hon. Mr. Justice Jetté :—

If you wish it, it will be produced.

Mr. Casgrain :—

Yes, we make application that it be at once produced.

By Hon. Mr. Justice Baby :—

Allow me to ask you a few questions on what you have just declared. I will be short. What was the first step respecting this matter? Was it based upon the letter which Mr. Thom sent you, or before that had there been some steps taken towards settling the matter?

A. Mr. Thom came to my official office to speak about the matter, before the date of the letter, I think it was about the fifteenth of April.

Q. Was that the first knowledge you had of the matter?

A. The first knowledge I had of the matter. When Mr. Thom came to my office I did not know the first word about it, about the transaction.

Q. When did this happen?

A. About the fifteenth of April. I knew nothing of the transaction before that.

Q. Had you any discussion or did he explain his business?

A. Mr. Thom explained his business. I told him that if he put something in writing, we would consider the question.

Q. It was upon that that he wrote the letter now before us?

A. Yes. That letter must have been changed. I was not willing to receive the first letter; these letters were changed. Here is the official letter, that is the one that was accepted.

Q. He showed you different drafts of letters or different letters?

A. I was shown the draft of a letter which was prepared and which I did not approve; it was altered and improved and the letter now produced is the official letter which was accepted.

Q. Who prepared these letters?

A. Mr. Thom's letters, I do not know.

Q. They were not prepared in your office?

A. Not in my office. I do not know whether they were prepared in the building, I do not know that.

Q. In the Department?

A. I do not know. They were not prepared by me nor in my office.

Q. There were drafts brought to you or was a letter brought containing the conditions?

A. Drafts only.

Q. Who brought you these drafts?

A. It was generally Mr. Thom. It was always with Mr. Thom I negotiated.

Q. Others did not bring you any?

A. I had no relations with others than with Mr. Thom, representing the new shareholders of the company.

Q. The syndicate?

A. Yes Sir.

Q. You state that after considering the matter, seeing that it was in the public interest, you thought you should come to a conclusion?

A. After having often conferred with my colleagues.

Q. Who were the colleagues with whom you so conferred?

A. There were Mr. Robidoux, Mr. Charles Langelier...

Q. Mr. Robidoux, the Attorney General?

A. Mr. Robidoux, the Attorney General; Mr. Charles Langelier, Provincial Secretary; Mr. Duhamel, Commissioner of Crown Lands, and the Honourable Mr. Ross, President of the Council; and during several days, Mr. Robidoux was not present at the meetings because he was sick, and I often went to see him in bed. We conferred about the matter, even in his room.

Q. The Prime Minister?

A. The Prime Minister was in Europe with the Provincial Treasurer.

Q. Mr. Robidoux had just returned from being away also. He had been away in the United States?

A. Mr. Robidoux and Mr. Langelier had recently returned from a trip to the United States.

Q. Mr. Robidoux, you say, was sick ?

A. He was sick.

Q. Here in Quebec or in Montreal ?

A. The first day, he came here ; he had been sick in Montreal, he returned here, he attended the Council, and he had the misfortune again to be sick. He returned to his boarding house where I was in constant communication with him.

Q. When you finally concluded the business, if I mistake not by the documents before us, it was by means of a telegraphic despatch from the Attorney General, was it not ?

A. The first time ?

Q. Was it the first time ?

A. He approved the transaction the first time but it was not on that telegram that the transaction was concluded ; it was after he returned to Quebec.

Q. So that when the transaction was concluded, the Attorney General was here, and you had received his legal opinion on the transaction ?

A. Yes. I should say that the Attorney General whom I saw continually, was sick, and he told me that the affair was regular and that he would, as soon as he could leave his bed, give me a report in writing and that every thing was correct. Thereupon, I must have informed the Lieutenant-Governor. I told the Lieutenant-Governor, who took my word, that I had the opinion of the Attorney General, who confirmed the whole matter and ordered the affair to be concluded ; that, as soon as he would be able to write his report he would make it. His Honour took my word, and a few days afterwards, as soon as the Attorney General was able to write his report, he gave it to me and I placed it in the hands of the Lieutenant-Governor who kept it for several days and returned it to me. I never heard of the matter afterwards up to the time when the matter came before the Senate at Ottawa. The report of the Attorney General seemed to be satisfactory for everything.

Q. Now, Mr. Garneau, you conversed about this matter several times with His Honour the Lieutenant-Governor ?

A. Yes.

Q. How many interviews did you have with His Honour ?

A. I do not remember the number, I had several.

Q. Respecting this matter ?

A. Respecting this matter.

Q. Could you tell us, if you please, in a categorical and methodical manner what you must have said at the interviews you had with His Honour ; at the first interview what passed ?

A. I told His Honour that I had this matter before me. I told him that I had conferred with my colleagues, but that I was embarrassed and that I was aware of the responsibility which there was in this question...

Q. Embarrassed by what ?

A. Because, seeing that money was asked to be placed in possession of the road and that these payments were to be made before the road was commenced, I was embarrassed in taking the responsibility of recommending the payment of money before the work was yet done, but after having satisfied myself with sufficient security and of the responsibility of the proprietors and shareholders of the new company, I had no doubt that the works would be done in a satisfactory manner and that the Province had everything to gain in proceeding to the execution of the enterprise, because everything was going to ruin. I was told on all hand

that the rolling stock on this line of railway and the line itself were suffering and that it was of the greatest importance to endeavour to remedy that state of matters as soon as possible. That was the opinion of my colleagues as well as my own.

Q. You, on several occasions, expressed this view to this Honour the Lieutenant Governor ?

A. Yes.

Q. Later, did you not go a little further, Mr. Garneau, did you not ?

A. I would say that His Honour the Lieutenant Governor recommended prudence in this matter, certainly.

Q. Did you not say to or give His Honour to understand that you hesitated a great deal, that pressure was being brought to bear upon you to induce you to give your consent, or words in the same sense ?

A. Yes, I said that.

Q. You said it ?

A. But the pressure which that is, some of my colleagues who were better acquainted with the matter than myself, who had knowledge of the preliminaries of the matter, having gone into the details before me, were more satisfied than I was that the matter was advantageous ; and should be settled. It came before me as new business, I wished to take my time to satisfy myself that every thing was regular.

Q. Did you say that pressure was being brought to bear on you to induce you.....

A. I may have made use of that expression, but there really was no pressure. There was no pressure from any other person, only I was told.....

Q. There was moral pressure ?

A. There was..... Mr. Thom complained that there were delays, that everything was suffering; that if the question was not settled as soon as possible, seeing that every thing was going to ruin down below, that things might change, that there might be considerable damage, that is..... There were no other.....

Q. From the expressions that you may have used, do you believe you might have given His Honour the Lieutenant-Governor the impression that moral pressure was being brought to bear on you ?

A. I declare that there was no pressure from outside.

Q. Could the words which you made use of have caused His Honour the Lieutenant Governor to believe that really you were...

A. I know nothing of the appreciation made by the Lieutenant Governor.

Q. Were any threats used towards you ?

A. No, Sir. No threats.

Q. Directly or indirectly ?

A. No.

Q. You were not threatened with the Premier's ill-will ?

A. No, and even if I had been threatened, that would not have changed my opinion, seeing the responsibility I had in the whole of this matter and in the administration of all matters generally.

Q. Will you explain to me... You state that no threat was made to you. Were you told that the Honourable Prime Minister would be at once telegraphed to if you did not hasten to conclude the matter, or something in that sense ?

A. That if we concluded ?... What is the question, if you please ?

Q. Were you told that the Honorable Prime Minister Mr. Mercier would be telegraphed to at once if you did not hasten to conclude the matter?

A. I do not remember that such a thing was said to me.

Q. Were you told something else meaning the same thing?

A. I do not remember.

Q. Did you say so to His Honour the Lieutenant Governor?

A. I might have been told, some of my colleagues may have told me that if this affair was not settled that the Prime Minister would be much disappointed, something like that, not more than that.

Q. You might have been told that?

A. I might have been told that.

Q. Did you tell it to His Honour the Lieutenant Governor?

A. No.

Q. Do you remember that well?

A. No. I do not say that.

Q. You never said it?

A. No.

Q. That you were threatened with telegraphing to the Prime Minister?

A. I do not remember that.

Q. Is it usual in your department to transact business in the evening?

A. No, Sir. I had never had occasion to do so.

Q. There are regular office hours, are there not?

A. Yes.

Q. If I believe the documents I see, this transaction was concluded at six o'clock in the evening?

A. It was concluded in the day time, during business hours, before four o'clock or half past four, I do not exactly know. It was regularly concluded during ordinary business hours.

Q. Was it not almost six o'clock in the evening when the letter of credit or the two letters of credit were given to Mr. Armstrong and Mr. Thom, or Mr. Chrysostôme Langelier?

A. This perhaps requires some explanation. It is not a letter of credit, it is a promise of payment. I understand by a letter of credit an altogether different matter.

Q. You do not call this document a letter of credit?

A. I do not call that a letter of credit. That letter was a promise of payment, because I had not the funds at my disposal at the time. It was to have been a letter for one hundred and seventy-five thousand dollars (\$175,000.00) but, if I remember rightly, about four o'clock in the afternoon, a bank cashier came to my office and asked me if it would be the same thing for the department if, instead of giving a letter for (\$175,000.00) one hundred and seventy five thousand dollars, I would divide that into two letters for the same sum and same tenor for (\$100,000.00) one hundred thousand dollars and for (\$75,000.00) seventy-five thousand dollars.

Q. Who was that cashier?

A. I think it was M. Webb, cashier of the Union Bank. I told him that it would make no difference to me provided that the first letter was returned, I would replace it by two others making the same amount and which would be payable at the same time and on the

me conditions. We may have taken some time to make this change, but the whole question as settled in advancely. There may have been a slight delay before the two letters were repared and signed, but the whole affair was settled during the regular office hours.

Q. You heard Mr. Armstrong's evidence ?

A. I heard a part of it.

Q. He says that you were there a short time before their leaving and that you said : " If you want me, come to my house."

A. I saw that he said that yesterday. The only time I saw Mr. Armstrong, was when I met him on the street near the St. Louis Hotel. We had a conversation in passing. That is the only time I saw him. It was probably that point that was in question. I do not remember. There was nothing else than that.

Q. Were you with Mr. Armstrong when he met you, or was he with Mr. Pacaud ?

A. No, I think that I met Mr. Armstrong ; I do not know if he was with Mr. Thom, and Mr. Pacaud was passing in a waggon at the same time and Mr. Armstrong left me to join Mr. Pacaud, to the best of my knowledge, as far as I can remember.

Q. Mr. Pacaud did not go to speak to you ?

A. No.

Q. Mr. Pacaud did not speak to you ?

A. No.

Q. He did not get out of the vehicle to speak to you ?

A. I do not remember.

Q. Are you certain ?

A. Yes.

Q. Did Mr. Pacaud ever speak to you about this matter ?

A. Mr. Pacaud never spoke to me about this transaction between him and Mr. Armstrong.

Q. That is not the question. Did he ever speak to you about this matter ?

A. As I say in my letter, he told me one day that Mr. Thom was very impatient, that he found that there were delays in the department, that the matter was not being settled fast enough.

Q. How did Mr. Pacaud present himself to you on that occasion ; was it in passing that he told you that in the street or did he go to your office ?

A. I think he came to my house.

Q. Your private house ?

A. It seems so to me.

Q. Are you quite sure ?

A. I do not swear it.

Q. Was that the only time ?

A. I do not positively swear it, I do not remember to have seen him elsewhere.

Q. Let us come back now please to what I was asking you just now. When did you leave your office on the day of the transaction ; at what hour ?

A. On that day.

Q. Yes ?

A. I cannot say precisely ; as soon as these letters were signed ; it was about half past

four or five o'clock. I am not certain. If I had to wait to sign the letters which were being prepared, there was nothing else.

Q. You had communication by telegraph or letter with the Attorney General, have you them with you.

A. All in the way of telegrams and all that is official is in the department in the records; they may be found, all that is official is in the records in the department in the possession of Mr. Moreau, in the records.

Q. Mr. Moreau is the secretary of the department?

A. Mr. Moreau is Director of Railways.

Q. That department is under your control?

A. It is in the department of Public Works, and is under the control of the Commissioner of Public Works.

Q. Now I return to the memorial of His Honour the Lieutenant Governor I read in the memorial at page twelve, second paragraph, the following words:

"Between the 23rd and 26th, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier and he added that he was inclined to resign. I said to him: "These threats are futile. Under the circumstances, I think, that "being the Prime Minister accredited to me during the absence of the Hon. Mr. Mercier, "you cannot leave me without an adviser; what you have to do is to resist and to conform "in all respects with the law." Well what interpretation do you give to those words?

A. The interpretation, is that which I.....

Q. Pardon I will read them again to you. "Between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him, of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign."

A. I come back to what I already said. It was my colleagues, who were better acquainted with the matter than I was and who...

Q. Did you say these words?

A. I do not exactly remember the words.

Q. Did you state something which was in the sense of those words?

A. As to "pressure" I think I said. Yes I said it.

Q. But there is more than that.

A. But it is as I have already before repeated.

Q. I want you to give a categorical answer. The question is very clear: "Between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign."

A. I told the Lieutenant-Governor that I was inclined to resign that is true, but I do not remember.....

Q. For what reason, it is not mentioned?

A. Because I had doubts about the matter myself, it was to pay money like that without having all the necessary information.

Q. What doubts had you. Had you doubts as to the legality of the thing or as to the possibility of the Province meeting its financial obligations?

A. It was as to the legality of the question and when I read the report of the Attorney General which confirmed the whole matter, which stated that all was regular, that is the authority upon which I depended; I had to make the report which I made and which became the Order in Council, that was it, I had great uneasiness on the subject of knowing whether all was regular and legal.

Q. Now do you deny having said to His Honour that which is marked in this paragraph. It is a very delicate question which I put to you: "Between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign." Did you say that?

A. Yes I said that I was inclined to resign.

Q. All, all?

A. Yes I said that pressure was being brought to bear, but I did not say that pressure came from outside.

Q. Did you say what is stated in that paragraph; it is a very delicate question and your answer is very important.

By Hon. Mr. Justice Jetté:—

Q. There is a part upon which you were questioned, that threats were made of telegraphing to Mr. Mercier...

A. That portion of it. I do not remember at all and I do not even believe it, but I suppose it is possible since His Honour says so, it is quite possible.

By Hon. Mr. Justice Baby:—

Q. You say that is possible that it was said?

A. Since His Honour says it, it is possible. I can not positively deny it, but I am under the impression that I did not say it, but this may have been said to me: that to have the matter confirmed Mr. Mercier might be cabled to, but it was not said as a threat and I did not say to the Lieutenant-Governor that it was said as a threat.

Q. I am requested to ask you another question. You say that you are not certain that you were threatened with cabling to the Hon. Mr. Mercier.

A. No.

Q. Is it possible that it may have been said to you that the Hon. Mr. Mercier would be cabled to?

A. If it was said to me, it might have been with the view to...

Q. I wish to know if it was said to you?

A. I am certain that it was not said to me.

Q. Who was the minister who more especially talked to you about this matter? who appeared to take the greatest interest in it?

A. All. All the ministers were equally interested. I saw the Attorney General, the Commissioner of Crown Lands...

Q. Who was it who seemed to be the most interested?

A. They were about equally interested.

Q. Was there not one who distinguished himself more than the others ?

A. No, I do not remember.

Q. You say that these Ministers were Mr. Duhamel, Mr. Langelier, Mr. Robidoux, Mr. Ross and yourself ?

A. Yes, I should say that Mr. Robidoux, Mr. Langelier and Mr. Duhamel took more direct interest than Mr. Ross ; they knew the matter better. I should say that these gentlemen, Mr. Langelier, Mr. Robidoux and Mr. Duhamel were more acquainted with the matter as these gentlemen had gone to New York to talk over the matter. They were more pronounced than Mr. Ross ; Mr Duhamel had not gone to New York.

Q. I will ask you another question. I regret being obliged to return so often to it ; it is such a delicate matter. Can you give us in substance, as far as your memory allows you to do so, what you said, the words used by you in the interview from the twenty-third to the twenty-sixth April ?

A. I do not remember anything more than what I have already said.

Q. Why did you close with so much celerity a matter which was distasteful to you ? Why did you finish it in such a hurry. It was in the month of April ?

A. Yes, Sir.

Q. If I mistake not, the subsidy was to come on the tenth or the twelfth of July, was it not ?

A. That is to say that the money was available on the tenth or twelfth of July.

Q. Give the reason if you please for the haste with which you issued these letters of credit, this promise to pay ?

A. It was because these people, the company, could not take possession of the road to commence the work without paying off Mr. Armstrong and the works were going to ruin, the rolling stock and a part..... the road. I was told that much was going to ruin and it was what Mr. Thom represented to me himself ; that it was of the greatest importance to be put into immediate possession, to oversee the matter and commence work as soon as possible, this was even wishedthere were certain debts to pay and they wished to have them paid at once. We got up to the tenth of May. They said : the debts must be paid before we can get to work and the matter took eight or ten days.

Q. Did you submit the Order in Council, the draft of the Order in Council to the Attorney General before submitting it to council ?

A. It was discussed in council.

Q. Was the Attorney General there ?

A. I cannot say exactly whether the Attorney General was there, but it was submitted to him, he studied it and approved it.

Q. To your knowledge ?

A. To my knowledge.

Q. To your personal knowledge ?

A. It is to my personal knowledge that the Order in Council was unanimously passed by all the ministers.

Q. Was it submitted to the Attorney General ?

A. Yes it was submitted to the Attorney General.

Q. Was there a written report from the Attorney General authorizing it, or is there one now ?

A. I said a moment ago that the Attorney General having taken cognizance of the whole matter,—he was in bed,—he told me that, having taken cognizance of it, he was satisfied that everything was correct, and that as soon as he could leave his bed, he would write his report upon the facts and he would justify the department in passing that Order in Council and it was upon that that the Order in Council was passed.

Q. There was no report in writing.

A. The report was made in writing as soon as Mr. Robidoux was able to leave his bed and it was submitted to the Lieutenant Governor who had asked me for it. I gave it to him myself, he kept it several days; he sent it back to me and never made any remarks to me about it. I never heard of the matter afterwards, until the time the matter came before the Senate.

Q. What difference do you make between a letter of credit and the two letters which you have mentioned, one for seventy-five thousand dollars and the other for one hundred thousand dollars?

A. I understand by a letter of credit properly so called that if a particular service becomes necessary, and that there are no funds voted by the Legislature, then the Government is obliged to enter into an agreement; it gets letters of credit, that is to say it agrees to get the money voted at the next session. In this case the money had been voted and was available for that object. The letter of credit is when the money is not voted, that is my interpretation of the letter of credit.

Q. When did you become Prime Minister and Treasurer *ad interim*.

A. I have always been so since the Government was formed, in the absence of the Prime Minister. It is always I who act as Prime Minister *ad interim* and in this particular case it was about the tenth of March.

Q. And these functions ceased?

A. These functions ceased about the end of July and at Mr. Mercier's return.

Q. Both at the same time?

A. No, as Treasurer. Mr. Boyer was appointed by Mr. Shehyn to act in his absence as Treasurer, and to the best of my knowledge ten or fifteen days after Mr. Shehyn's departure, Mr. Boyer came to me and said that he had important business that required his presence in Europe. I remarked to him that Mr. Shehyn had appointed him to manage his department, and that perhaps Mr. Shehyn would not be satisfied if the department would fall into other hands and that I had a good deal of hesitation in consenting to his absence. I asked him to put off his departure for a time at least. He postponed his departure for eight days, at the end of the eight days, he came again to me saying that it was absolutely necessary for him to go. He asked me to replace him during his absence, to which I was obliged to consent as he absolutely wanted to go.

Q. When was this?

A. It was I think about the beginning of April, because these gentlemen left about the middle of March.

Q. That was three weeks after Mr. Mercier's departure?

A. Fifteen days about after Mr. Mercier's departure, or three weeks, I do not remember the date exactly.

By Mr. Casgrain :—

Q. When Mr. Mercier left for Europe, did he leave written instructions with you?

A. No.

Q. Did he give you general instructions ?

A. Instructions to manage matters as I had always done during his absence, nothing more.

Q. Did he speak to you, especially about the Baie des Chaleurs matter ?

A. Not at all.

Q. You state that the first time you were spoken to about this Baie des Chaleurs matter in connection with the act passed last session, it was Mr. Thom who spoke to you about it.

A. Yes, Sir.

Q. About what time ?

A. About the fifteenth of April, I think ?

Q. What did you say to Mr. Thom ?

A. I told Mr. Thom if he had any proposals to make, to put them in writing.

Q. What did Mr. Thom say to you when he went to see you ?

A. I do not remember the words.....

Q. About, if you please ?

A. I do not remember his words at all.

Q. As much as possible, I wish you to give at least the substance of what Mr. Thom told you when he went to see you on the fifteenth of April.

A. Mr. Thom spoke to me, he opened the negotiations respecting the transaction I asked him to put what he had to submit in writing.

Q. How did he open them ?

A. By writing me that he was deputed by the syndicate, that he was intrusted to buy shares of the old company and wished to continue the construction of the road.

Q. What was this new syndicate ?

A. It was composed of Mr. Cooper, Mr. Dawes, Mr. Ewing, Mr. Thom himself and other.

Q. All persons whom you knew well ?

A. I knew Mr. Thom ; Mr. Cooper I did not know personally, but I had heard his name spoken of by some one, and some of my colleagues knew him, he was reputed as a man..

Q. Had you seen your colleagues before that ?

A. No.

Q. You knew Mr. Dawes ?

A. Yes.

Q. You knew that all these gentlemen were perfectly well able to carry out the engagements proposed by Mr. Thom ?

A. Yes.

Q. There were men of high financial standing ?

A. Yes.

Q. Is that not so ?

A. Yes.

Q. Did you have any interviews with Mr. Thom between the fifteenth and seventeenth ?

A. I think so. I saw him often.

Q. He was often at your office ?

A. Yes.

Q. Did he go there alone ?

A. Yes.

Q. Between the fifteenth and the seventeenth, did other persons speak to you of this matter ?

A. I do not remember, except some of my colleagues.

Q. Who ?

A. I do not remember.

Q. Mr. Charles Langelier ?

A. I do not remember at all.

Q. Mr. Duhamel ?

A. I do not remember which one.

Q. Was Mr. Robidoux in town ?

A. Mr. Robidoux was in town about that time ; I do not remember if he was at the time.

Q. Was Mr. Robidoux in town from the fifteenth to the seventeenth of April ?

A. I cannot say exactly.

Q. You received a telegram from Mr. Robidoux on the seventeenth ?

A. Yes.

Q. Is that not so ?

A. Yes.

Q. By this telegram Mr. Robidoux told you to depend on what Mr. Charles Langelier would tell you ?

A. Yes.

Q. That the arrangement that would be proposed to you by Mr. Thom was closed at New-York between Messrs. Mercier, Robidoux and Charles Langelier ?

A. He did not tell me that the arrangement was closed.

Q. He told you that the arrangement of which Mr. Charles Langelier would inform you would be the arrangement come to in New-York between Messrs. Thom, Mercier and himself, Mr. Robidoux ?

A. No, I do not think that he said that the arrangement was closed. There had been some question of it.

Q. I see a telegram here, at page six of the official documents, that is the telegram that you received ?

The telegram is read to the witness as follows :

THE HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Quebec.

" I fear to be detained here by illness longer than I thought. You may proceed to business in my absence. I ratify in advance all that you will do in the matter of the Baie des Chaleurs Railway. Langelier will tell you exactly what was decided upon before the departure of Mr. Mercier. I am informed that any delay in this matter may be prejudicial to the interests of the enterprise and of the province.

" (Signed), J. E. ROBIDOUX."

A. I think so.

Q. The Mr. Langelier referred to in that telegram is Mr. Charles Langelier, the Provincial Secretary ?

A. Yes.

Q. Then, at that date, Mr. Robidoux was not then in town ?

A. On that day, no.

Q. And he was not in town on the sixteenth ?

A. No.

Q. Nor on the fifteenth ?

A. I think not.

Q. Consequently, the only colleagues to whom you spoke at Quebec were Mr. Charles Langelier, Mr. Duhamel,—Mr. Ross did not pay much attention to the matter ?

A. Mr. Ross knew nothing of the matter at the time ?

Q. Those who spoke to you of it,—I want a positive answer to this question—were there Mr. Charles Langelier and Mr. Duhamel ?

A. Yes.

Q. They pressed you to close the matter with Mr. Thom ?

A. At that time, the matter did not press considerably. Then there were merely preliminaries.

Q. It got to be pressing afterwards, did it not ?

A. Yes.

Q. What did Mr. Langelier say to you between the fifteenth and the seventeenth ? He was Mr. Robidoux's deputy, was he not ? He was to give Mr. Robidoux's views according to the telegram ?

A. Yes, when the matter came before the council, when we spoke of it, Mr. Langelier was disposed to have the negotiations continued, completed as soon as possible.

Q. I do not speak of what passed in the council, I speak of the interviews you had with Mr. Langelier outside the council, between the sixteenth and the seventeenth ?

A. I do not think I had many interviews outside the Council.

Q. I wish to know if you had any ?

A. I do not remember.

A. I wish you would refresh your memory and state whether, between the fifteenth and the seventeenth, you had any interviews with Mr. Charles Langelier on the subject ?

A. I cannot say exactly.

Q. You do not remember.

A. No.

A. Might you have had ?

A. I do not remember. The negotiations which were had were always with Mr. Thom and I reported them to my colleagues.

Q. Did Mr. Duhamel speak to you with reference to it between the fifteenth and the seventeenth ?

A. No he did not speak to me about it, except when we discussed all together in council.

Q. Do you say that Mr. Duhamel did not speak to you of it outside of the council ?

A. He may have spoken to me about it, I did not specially remark it.

Q. Is it not true that Mr. Duhamel and Mr. Langelier were in a hurry to have the matter settled, even before the seventeenth ?

A. I do not think that the matter was very pressing before the seventeenth, I do not think.....

Q. You received Mr. Thom's letter on the seventeenth ?

A. Yes.

- Q. About the same time as the telegram from Mr. Robidoux, was it not ?
A. About the same day, at least.....
- Q. Then what did you do when you received Mr. Thom's letter on the seventeenth ?
A. I submitted it to my colleagues in Council.
- Q. Now, Sir, I want..... you submitted it to your colleagues on the seventeenth ?
A. I do not know if it was the same day.
- Q. About the same time, in any case ?
A. About the same time, yes.....
- Q. Was it the same day, the seventeenth or the next day ?
A. That depends on the hour. Sometimes we receive communications in the afternoon.
- Q. Was it in the afternoon or the morning that you received that communication ?
A. I cannot state the time of the day.
- Q. You cannot state if it was the seventeenth you submitted the letter to the council ?
A. No, I cannot say exactly.
- Q. How is it that the time between the seventeenth and the twenty-first went by before you made your report to the council respecting the matter ?
A. There had been some discussion and I wanted to get more information.
- Q. Who approached you to give you the information ?
A. The Attorney General came to town in the interval.
- Q. What day did the Attorney General come here ?
A. I do not remember exactly, but the Attorney-General was here before the matter was decided in council, before the Order-in-Council was passed.
- Q. Can you remember what day he arrived ?
A. No.
- Q. Did you get any information from others than the Attorney-General between the seventeenth and the twenty-third or the twenty-first ?
A. Not from others than the Ministers.
- Q. What Ministers ?
A. I do not remember that ; it was discussed between all the Ministers together.
- Q. Between what Ministers specially ?
A. For my part I depended more on the Attorney-General than on any other.
- Q. I do not ask you upon whom you depended. I ask you as a question of fact which of the Ministers gave you more information than the others ?
A. It was the Attorney-General who gave me most information.
- Q. Then you must have been perfectly assured when you received the telegram from Mr. Robidoux on the seventeenth ?
A. No, because I wanted to have the Attorney-General's report on the whole question.
- Q. When did you get it ?
A. I had his verbal report before submitting the affair.
- Q. At what date ?
A. It must have been the twenty-first or the twenty-second.
- Q. If you had received the report on the twenty-first or on the twenty-second, you could not, on the twenty-sixth, have had any doubt as to the legality of the transaction, since the Attorney-General had told you it was correct ?

A. On the twenty-third, the order was passed.....

Q. I am not speaking of the twenty-third, I am speaking of the twenty-sixth ; you us as a reason just now..... ?

Hon. Mr. Justice Baby :—

Let the witness answer your questions.

Mr. Casgrain :—

Certainly.

By Mr. Casgrain :—

Q. You said a moment ago that one of the reasons of your hesitation on the twenty-sixth when you had spoken to the Lieutenant-Governor, as reported in the official correspondence, was that you were not satisfied of the legality of the transaction ?

A. I did not say that after the Order-in-Council was passed ; if I said it, I made a mistake ; I did not say to the Lieutenant-Governor, after the Order-in-Council was passed I was in doubt as to the legality of the transaction. Not at all. I could not have said after the twenty-third, I could not have said it on the twenty-sixth ; I am convinced of

Q. It was after the twenty-third that you spoke to the Lieutenant-Governor of your and of your wish to resign ?

A. It was before passing the Order-in-Council.

Q. It was before passing the Order-in-Council ?

A. Yes, certainly.

Q. You did not have a conversation with His Honour the Lieutenant-Governor on the subject after the twenty-third, after the Order-in-Council had been passed ?

A. I do not remember any other conversation except when he asked me..... the Order-in-Council was submitted to him and I recommended it to him, and that was the report of the Attorney General, the verbal report. I had no other thing.

Q. Will you listen to what is written on page twelve of the official correspondence between the Prime Minister and the Lieutenant-Governor :

• “ Between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign.”

Was that before or after the passing of the Order-in-Council ?

Q. It was before the passing of the Order-in-Council.

Q. You did not have a conversation with the Lieutenant Governor.....

A. Only for the report of the Attorney General.

Q. But if you had it, at that time, why..... ?

A. I had the verbal report, I did not have the written report.

Q. You had the verbal report of the Attorney General before the passing of the Order-in-Council and his written opinion after ?

A. Yes.

Q. Is it not true that when you went to see the Lieutenant Governor before the passing of the Order-in-Council, you had in your hands, or you in any case had the opinion of the Attorney General, Mr. Robidoux ; that the opinion was written but had not been corrected or written out ?

A. Before the passing of the Order-in-Council, that is possible.

Q. Is it true?

A. I do not remember, I know that the report.....his report was not written. He had said that he would complete it as soon as could leave his bed.

Q. Then it is true that before the passing of the Order-in-Council you had the written opinion of the Attorney General, but it was not correctly written out?

A. I think so.

Q. Consequently, you could not have had doubts as to the legality of the transaction?

A. No, and I did not express any doubts after that either.

Q. You could not have had any hesitation in doing what you were asked to do?

A. No.

Q. Now, is it not true that after the passing of the Order in Council you returned to the Lieutenant-Governor to speak to him about this matter?

A. I do not remember, having been to see him after the Order in Council was passed.

Q. After the Order in Council was passed you say you do not remember having gone to see the Lieutenant-Governor?

A. No. Not to enter into details, only to submit the Attorney General's report to him.

Q. You submitted the Attorney General's report to him before the Order in Council was passed?

A. I submitted to him the verbal report as I have said.

Q. That report which was not fairly written out?

A. The report which was not clear..... I may have..... I do not remember even if there was a written report at all, but if I said so.....I think that the Attorney General had commenced a report which was not finished.

Q. Listen to what is printed on the twelfth page of the official correspondence :

"Between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this matter of the Baie des Chaleurs Railway. He told me that strong pressure was being brought to bear upon him, that he was required to do things that were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign. I said to him : " These threats are futile. Under the circumstances I think, that being the Prime Minister accredited to me during the absence of the Hon. Mr. Mercier, you cannot leave me without an adviser. What you have to do is to resist and to conform in all respects with the law."

Is it not true that that conversation took place after the Order in Council had been passed and signed by the Lieutenant-Governor?

A. No. I do not remember. I could not have had any hesitation nor expressed any doubts as to the legality of the matter after the Order in Council had been passed and all the papers had been signed.

Q. Is it not true that all the hesitation you had was respecting the issuing of the letters of credit to pay that which was mentioned in the Order in Council?

A. No, I do not think so. When the Order in Council was passed, it was agreed that we should pay.

Q. Was it agreed between you and the Lieutenant Governor that you should issue letters of credit?

A. No, that was an office matter.

Q. Will you please answer my question. Was it agreed between you and the Lieutenant Governor that letters of credit should be issued ?

A. There was no question of letters of credit between the Lieutenant Governor and myself.

Q. Never ?

A. No.

Q. Do you swear that which I have just read to you in the Lieutenant Governor's letter is not true ? That this did not occur between the twenty-third and the twenty-sixth ?

A. I forget the dates, I do not know, I cannot fix the dates.

Q. It might be between the twenty third and the twenty sixth ?

A. I do not know. I do not remember having said, uttered any doubt as to the legality of the transaction after the Order in Council was passed.

Q. That is not in question ?

A. I did not express any doubt when the Order in Council had been passed.

Q. Did you keep any note of this matter ?

A. No, all the notes are in the department, officially.

Q. You did not keep notes in a private note book ?

A. No, I have no notes. I had nothing to keep them for. All matters are in the department.

Q. Do you say that Mr. Robidoux was present at the Council of ministers when the Order in Council was passed on the twenty-third ?

A. No, Mr. Robidoux was sick, but the ministers who were present having passed I myself conferred with Mr. Robidoux about the matter and Mr. Robidoux approved it, like the others. I do not know if I did not go with one of my colleagues, Mr. Ross, to Mr. Robidoux's, and we talked over it. Mr. Robidoux knew the Order in Council and approved it. Every thing was done with the approval of the Attorney General.

Q. If it is said, as it really is, in the letter of the Lieutenant Governor that it was from the twenty third to the twenty sixth that you went to him to express your fears, do you take upon yourself to state that the dates given by the Lieutenant Governor are correct ?

A. I can say nothing like that.

Q. Now how is it, that you had not taken from your department, the department of Public Works, a person as commissioner charged with making the payments under the Order in Council No 237 ?

A. Mr. Chrysostôme Langelier having been appointed for the same purpose the previous year, I think, for the same locality and the same company, I thought that he was a competent person to continue his work and in the then existing case, having already acted as such I thought that he was the one whom we should appoint to continue the same thing, to continue the work.

Q. Who suggested Mr. Chrysostôme Langelier's name to you ?

A. Mr. Chrysostôme Langelier came quite naturally, having been the person employed previously for a similar mission.

Q. I would like you to state who suggested his name ?

A. I do not remember that the name was suggested by any one.

Q. Was it Mr. Duhamel ?

A. Reports being that he had already acted as such, I do not know if I, myself, did suggest it.

Q. Are you sure it was you ?

A. I think so, and it was supported by the others.

Q. It was adopted unanimously ?

A. Yes.

Q. Without discussion ?

A. Without discussion, he had already acted on a similar mission in the same locality

Q. When did you notify Mr. Chrysostôme Langelier of his appointment as commissioner ?

A. As soon as we had prepared the Order in Council we appointed him, then I sent for him to my office and we have his instructions.

Q. Had he no instructions to act before he received the letter of instructions signed by you ?

A. That is that he should act on the letter which he would receive.

Q. He was to act on the letter he should receive from you.

A. Yes.

Q. The letter of instruction you gave to Mr. Chrysostôme Langelier is reproduced, is it not, at page eleven of the official correspondence between the Prime Minister and the Lieutenant Governor ?

A. Yes, I think that is the letter.

Mr. Casgrain reads the letter to the witness as follows :

“ DEPARTMENT OF PUBLIC WORKS,

“ QUEBEC, 24th April, 1891.

L. E. No. 1356.

L. R. No. 638.

“ J. C. LANGELIER, Esq.,

Deputy Provincial Registrar of the Province,

Quebec.

Sir,

As you have been appointed a special commissioner by Order-in-Council No. 238, dated the 23rd instant, to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the Order-in-Council No. 237, passed on the 23rd instant, I think it proper to authorize you to at once examine and verify those outstanding claims and to decide which shall be considered as privileged debts legitimately due by the company or by the contractors or sub-contractors of the Baie des Chaleurs Railway, or of the sections of this road between the 20th and the 90th miles beyond the little River Cascapédia in the direction of Paspébiac, according to the prescriptions and conditions mentioned in the said Order-in-Council No. 237. And when you will be in a position to give me written statements, with documents in support thereof, of the privileged claims, whether stated or not, payment of which you will be prepared to make in conformity with the Order-in-Council No. 237, and of the Act therein mentioned, 54 Vict., chap. 88, s. 1. par. J., I shall place at your disposal, as you want them, the amounts required to pay the privileged claims approved of, or for which a judgment or the award of the arbitrators shall have been given, and this by means of requisitions to be made by the person designated to the Honourable the Provincial Treasurer, on the subsidy of 800,000

acres of land converted into money, which subsidy was granted by the statute (paragraph 5 -) to aid the completion and equipment of the said railway for a distance of 80 miles as determined in the same statute, on condition that you furnish me, on demand, with a detailed statement, special or general, of the sums which you shall have paid out of the funds placed at your disposal, with a general report, supported by receipts and vouchers, on the result of your operations: the whole according to the prescriptions and conditions set forth in said Order-in-Council No. 237 and the said Act, 54 Vict, chap. 88, sec. 1, par. J. The expenses occasioned by such verification and such privileged claims approved or adjudged to be due shall be taken out of the said subsidy converted into money and paid to you on presentation of your accounts in detail.

" I remain, sir,

" Your, etc.,

(Signed) " P. GARNEAU.

" Commissioner."

Q. This is the letter, is it not?

A. Yes.

Q. It is dated on the twenty-fourth of April?

A. Yes, Sir.

Q. Now, Sir, you said a moment ago, I think, that if His Honour states in his letter that you reported to him that you were threatened, that Mr. Mercier would be cabled to if you did not carry out the transaction, that that might be true, that it must be true?

A. What I said, I maintain; the thing was taken note of, I do not remember. I may have changed the words.

Q. What I now ask you is: if His Honour says it in his letter, it must be right?

A. That is what I said a moment ago. I have nothing else to say than that.

Mr. Béique:—

I would suggest that in such a delicate matter as this, we should endeavour to avoid placing the witness in conflict with His Honour the Lieutenant Governor. The questions put at different times by the learned gentleman have a tendency to put the witness directly in conflict with the Lieutenant Governor.

Hon. Mr. Justice Jetté:—

As I understand it, Mr. Garneau does not wish to say that he contradicts His Honour the Lieutenant Governor.

He gives a different version of the meaning of the words which he may have uttered and he explains them so as to say: If I used these words, this is the meaning I intended to convey. They may have been understood otherwise. As to the words themselves, understood up to the present that the words may have been pronounced, but the witness does not wish to contradict His Honour the Lieutenant Governor. As to the dates, he says positively: after the Order-in-Council, I could not have said what is reported there. I think that is the substance of the testimony.

By Mr. Casgrain :—

Q. Who threatened to cable to Mr. Mercier ?

A. I said I did not remember having been threatened.

Q. Who said they would cable to Mr. Mercier ?

A. I do not remember that at all.

Q. You do not remember that ?

A. No, I do not remember that any body told me that.

Q. Is it not true that in the interview or in one of the interviews you had with Mr. Pacaud, Mr. Pacaud told you he would cable to Mr. Mercier.

A. No.

Q. That he would be obliged to cable to Mr. Mercier ?

A. No, I do not remember that.

Q. Are you certain ?

A. I do not remember that at all.

Q. You commenced by saying No, then you said you did not remember ; try to remember

A. Yes but I do not remember that at all.

Q. Is it not true that you were told that the matter was pressing, that Mr. Mercier wanted it to be done, and that if you did not consent they would be obliged to get him to return ?

A. No, I was not told that.

Q. You do not remember ?

A. I remember perfectly that I was never told that Mr. Mercier would be asked to return.

Q. Or that he would be cabled to ?

A. I do not think that he was told that he would be cabled to, so that the thing might be done.

Q. Was it before or after the passing of the Order in Council that you had the interview with Mr. Pacaud at your house ?

A. It was before, since Mr. Pacaud told me that Mr. Thom threatened to return on account of the delays..... because the settlement of the question was postponed too often.

Q. The delay was not long between his proposal made on the seventeenth and the report which you made on the twenty-first ?

A. The negotiations commenced the fifteenth and had lasted till the twenty-first or the twenty-second.

Q. It was only on the seventeenth that Mr. Thom complied with your conditions and submitted a letter to you ?

A. It was on the seventeenth that he made me his regular proposal.

Q. Do you not remember whether it was in the morning or the afternoon ?

A. I do not remember.

Q. Only three days elapsed from the time the letter was placed before you and the time when you made the report to council. That was not very long ?

A. No.

Q. He could not have been very impatient then ?

A. He was pretty much so. Mr. Thom threatened to leave.

Q. How long did Mr. Pacaud remain at your house ?

A. A few minutes only.

Q. How did he commence the conversation ?

A. If I remember rightly he commenced in this way, that the affair seemed not settled and that Mr. Thom threatened to go away, to abandon the matter if it was not very soon.

Q. How did it happen that it was Mr. Pacaud who went to see you?

A. That I cannot say.

Q. Was he in the habit of going to see you on matters of that kind?

A. No, never.

Q. He had never spoken to you, on other occasions, to press claims?

A. No.

Q. Was it the first time that he had spoken to you of affairs of that nature?

A. Of affairs of that importance, it was the first time.

Q. That was the most important matter that he had spoken to you about?

A. Mr. Pacaud had very rarely seen me on business.

Q. You must have been surprised?

A. I did not see the object of it.

Q. Did it not strike you?

A. I knew nothing at all that was going on then.

Q. Is it not true that Mr. Pacaud went to see you, not respecting the Order-in-Council the passing of the Order-in-Council, since Mr. Pacaud could not know what passed in council between you and the ministers, but respecting the issue of the letter of credit?

A. No, I did not see Mr. Pacaud at all respecting the issue of the letters of credit.

Q. Not at all?

A. No, I saw Mr. Thom only.

Q. He was the only person you saw and who pressed you to issue the letter of credit?

Q. He was the only person who asked a sum of money to pay off the shareholders of the contractor who was in possession of the road.

Q. What was the object? It was to pay off the old shareholders that he wanted to get the money?

A. To pay off Mr. Armstrong who had a heavy claim against the company.

Q. Against the Company? you stated a moment ago that Messrs. Cooper, Dawson and the others were men of high financial standing?

A. According to the informations we had obtained.

Q. Did it not strike you that if they were in such a hurry to obtain possession of the road, they might have with their own proper resources obtained possession thereof, instead of getting letters of credit issued, or the letter of credit you have spoken of? Did not that strike you?

A. No, because the money had been voted for the purpose, and if it was their money the council thought that they should be paid that amount, as it belonged to them.

Q. Then you, rather than depend upon their own resources and await until the money in the treasury, took an irregular position in issuing these letters?

A. I did not consider it irregular, because I had the recommendation of the Attorney General.

Q. Had you, yes or no, the authorization of the Lieutenant Governor to pay the money?

A. The authorization was signed when the payment was made.

Q. Had you the authorization ?

A. No, there was no authorization to write these letters, it was not deemed necessary.

Q. You have spoken of your experience as a political man and of your position as minister during ten years ?

A. Yes.

Q. Is it not true that sums of money of that nature, of that amount, are never paid, except with the authorization of the Lieutenant Governor or upon a warrant signed by the Lieutenant Governor ?

A. For sums regularly voted, as subsidies to railways, which are not payable until the work is done, it is done in that way.

Q. Habitually does the Government pay by letters on the banks ?

A. No. There are now the old subsidies which are voted to companies ; they have always been paid and are still paid in the way which you speak of by Order-in-Council ; but for the purpose for which this sum was voted, it was not considered necessary, it may be irregular, but... I do not know, but it was the Attorney-General who gave his report which authorized the affair and I acted.

Q. Did the Attorney-General give you a report that you might issue letters of credit or the letters of which you have spoken ?

A. He sanctioned and approved the whole thing ; he recommended it.

Q. In writing ?

A. I do not remember if it was in writing, but his report which is in the record speaks for itself.

Q. Do you say that in the report of Attorney-General he tells you that it is regular and legal to issue letters like those you issued to the banks ?

A. I do not remember if he says that. The report will speak for itself.

Q. Did you examine Mr. Armstrong's claims against the company ?

A. No. Armstrong's claim against the company was submitted to me ; Mr. Thom showed it to me himself, it was signed by the officers of the company and by the engineers and he approved it. He told me that after negotiations he had succeeded in getting one hundred and seventy-five thousand dollars accepted for two hundred and ninety thousand and some hundred dollars ; that he approved it and wanted to settle so as to be put in possession of the railway.

Q. You knew that the claim was not payable in money, but in debentures ?

A. I did not know it.

Q. You made no inquiries ?

A. No. I did not know it. It made a sum that was due and which Mr. Thom acknowledged. It was for him to inquire into that.

Q. You made no inquiries yourself ?

A. No.

Q. You did not examine into the matter ?

Q. No, when it came to be certified by every one, engineers, officers of the company and approved by Mr. Thom, I did not think I was competent to enter into the discussion.

Q. Do you say that this report was certified by the engineers?

A. Yes, sir.

Q. Are you certain of that?

A. Yes, sir.

Q. Have you got it?

A. No. The original is somewhere in the department.

Q. How is it that so long a time elapsed between the passing of the Order-in-Council the twenty-third and the issue of the letters of credit on the twenty-eighth April, or of we, so as to save time, have agreed to call letters of credit?

A. We made the report.....

Q. Does it appear to be signed by the Lieutenant-Governor?

A. On the twenty-third, there was probably all that question of negotiating, of establishing the account.....

Q. What account?

A. Mr. Armstrong's account. I do not know, but it must have been between Armstrong and Mr. Thom.

Q. Is it not true, Sir, that on the twenty-third of April, Mr. Chrysostôme Lang had a letter from Mr. Thom saying that he would pay Mr. Armstrong's claim up to the of one hundred and seventy-five thousand dollars?

A. I did not see that letter.

Q. Do you swear that the delay which occurred between the twenty third and the twenty eighth April was due to the fact that Mr. Armstrong's claim had to be established?

A. I do not remember those details at all. It is possible that it was something like I do not remember that.

Q. Then why the delay?

A. I do not know at all.

Q. When was it that you were asked for the first time to write the letters of credit did write, the two letters?

A. Some days after the passing of the Order-in-Council.

Q. Then these gentlemen were no longer in a hurry. You stated a moment ago they were in a great hurry, did they wait two days before knowing how they were going to draw their money?

A. I cannot give an account of these details. There may have been a Sunday in interval, I do not know.

Q. When you passed the Order-in-Council, how did you expect to pay the two hundred and eighty thousand dollars?

A. It was to put these people in possession of the road.

Q. When you passed the Order-in-Council, how did you expect to pay the two hundred and eighty thousand dollars?

A. I do not remember the details of that matter. I know that there was a question of paying the money at the time; of giving letters which would be payable in the month of July.

Q. Then, when you passed the Order-in-Council, it was already understood that it should be paid by letters upon the banks redeemable in the month of July?

A. I think that there had been some question of this.

Q. Are you certain?

A. I think so.

Q. Who asked you to sign the first letter of credit for one hundred and seventy-five thousand dollars ?

A. It was decided by my colleagues.....

Q. Answer my question.

A. That I was to execute..... it was I unfortunately who had to carry out all that.

Q. Observe one thing, I draw your attention to this: that is that the issue of letters of credit is not the strict execution or the necessary execution of the Order-in-Council, as the Order-in-Council does not mention it, does not mention the manner of payment.

A. I do not know if it was irregular. If it was irregular, it was in any case done with the approval of the council, of every one.

Q. I wish you to tell me who asked you to sign the first letter of credit for one hundred and seventy-five thousand dollars ?

A. I cannot say that. I cannot say who asked me that.

Q. Was it Mr. Charles Langelier ?

A. No. I do not think so.

Q. Was it Mr. Duhamel ?

A. I do not think so.

Q. Was it Mr. Robidoux ?

A. It came incidentally among us all. It was decided that it should be done I do not remember if there was any initiative.....

Q. Who drafted the letter of credit for one hundred and seventy-five thousand dollars ?

A. These letters were prepared in my department or in the Treasury, I do not remember; either at the Treasury or in the department of Railways, I do not exactly remember.

Q. You stated a moment ago that there was first a letter for one hundred and seventy five thousand dollars ?

A. Yes.

Q. It was brought to you all written ?

A. Yes.

Q. Who brought it to you ?

A. To sign it ?

Q. Yes.

A. I think it was prepared in the Treasury department.

Q. Who brought it to you ?

A. I do not remember. I do not remember all those details ; we have so much business, cannot remember all those details. The letter came to me, I know it had been ordered, had been ordered and prepared. I signed it, because it been decided that we should give letter.

Q. It is not true that it was prepared in Mr. Machin's office ?

A. I think it was prepared in the Treasurer's or at

Q. It is not true that it was Mr. Duhamel who brought it to you

A. I cannot say, I do not remember that.

Q. You do not remember ?

A. No. My memory fails in many details.

Q. You now say that your memory fails you ?

A. Yes.

Q. Your memory is not good ?

A. In certain details. I do not remember all the small details.

Q. You spoke a moment ago about the Attorney General's report ?

A. Yes.

Q. It is not true that on another occasion you mentioned a report which you had from Mr. Charles Langelier ?

A. There was a report from Mr. Charles Langelier, yes.

Q. On what ?

A. On this question.

Q. How was it that Mr. Charles Langelier made a report on this question ?

A. It was at the Attorney General's request.

Q. Have you that report ?

A. That report must be in the record.

Mr. Casgrain :

I ask the Commission for leave to have the record produced after the adjournment.
Mr. E. Moreau.

By Mr. Casgrain :

Q. Mr. Langelier was neither Commissioner of Public Works nor Attorney General.

A. No.

Q. He was Provincial Secretary ?

A. Yes.

Q. Consequently his report was not the one you wished for ?

A. No. I required the Attorney General's report.

Q. Now, you were ready to accept that report, but the Lieutenant-Governor told you that it was not the report of the competent officer ?

A. I said so also, that I wanted to have the Attorney General's report.

Mr. Casgrain :—

I ask the commission that an order be given to the witness not to communicate any one respecting his evidence during the adjournment.

Mr. Béique :—

I think, may it please Your Honours, that it is not proper to take such a precaution with a minister of the Crown, especially with a witness of the respectability of Mr. Garneau.

Mr. Casgrain :—

I distinctly overheard some one making a suggestion to Mr. Garneau and it is again that I asked the witness to be warned. My present remarks are not at all addressed to my learned confrère, Mr. Béique.

Mr. Béique :—

I did not take the suggestion for myself, but I submit in my humble opinion that the suggestion is not a proper one, in so far as the witness is concerned.

Mr. Casgrain :—

On questions of what is proper I have no lessons to receive from my learned friend.

The witness :—

May it please the Court, I must say that no suggestion has been made to me. No one has suggested anything to me, no one has insinuated anything to me either.

Mr. Casgrain :—

Before the Commission adjourns, I ask leave to take away with me Mr. Garneau's written declaration. I shall bring it back at two o'clock.

The sitting then adjourned until two o'clock.

2 o'clock in the afternoon, 16th October 1891.

The Honourable Mr. Garneau again appeared and continued his deposition as follows :

By Mr. Casgrain : —

Q. Mr. Garneau, you stated this morning that there were in fact several drafts of the report which you were to make to the council before passing the Order-in-Council of the twenty-first April ?

A. I stated that certain documents had been prepared, I do not remember how many.

Q. They were reports which you were to make, were they not ?

A. Certain writings were prepared which were not completed.

Q. Have you these writings still ?

A. I think so.

Q. Will you kindly produce them before the Commission ?

A. If the Commission require it, there is no objection.

Q. Mr. Garneau, will you please take communication of the last paragraph of page eight of the official correspondence between the Lieutenant Governor and the Prime Minister, and state when these words were added to your report :

" And upon the said A. M. Thom, and the persons in the name of whom he acts and whom he represents obtaining a transfer of the charter of the Baie des Chaleurs Railway, and seeing that the persons mentioned in the propositions above cited have the necessary means....."

Were these words in your preliminary drafts ?

A. I do not remember if they were in the preliminary drafts.

Q. You have no remembrance of that ?

A. No, I do not remember if they were in the preliminary draft.

Q. Now, you stated a moment ago that when you were promised the transfer of five hundred thousand dollars (\$500,000) of the debentures of the road, you thought that the Government were secured, is not that so ?

A. Yes, to secure the payment which we then made.

Q. Now, will you state what is the average of the debentures which railway companies generally issue per mile ?

A. It is generally (\$20,000) twenty thousand dollars per mile, I think. It often is at least (\$20,000) twenty thousand dollars per mile.

Q. And this road was to be about one hundred miles in length ?

A. The part in question was seventy miles.

Q. Now, you gave the letters of credit of which you spoke of this morning because there were no funds in the treasury, is not that so ?

A. At that time, yes.

Q. Well did you ever get a report from the Treasurer or the Treasury department informing you when there would be funds out of which you could pay the (\$280, two hundred and eighty thousand dollars ?

A. I had the report of the assistant treasurer stating that after the first of July amount could be paid.

Q. Now, will you please state out of what funds these letters in question were

A. Out of the funds arising from the conversion of the (800,000) eight hundred and acres of land which came to (\$280,000.00) two hundred and eighty thousand dollars.

Q. Out of what funds did you take the money to meet the letters of credit in question at maturity ?

A. Out of funds then at the disposal of the Treasurer ?

Q. What funds were then at the disposal of the Treasurer ?

A. I think that the Treasurer would be in a better position to state that than myself.

Q. Then, you were not anxious to know out of what funds these letters of credit could be paid.

A. The Treasurer stated that they could be paid at that time, that there would be available funds.

Q. It was you who were then the Treasurer ?

A. Yes, but it was not I who was Treasurer at the time they were paid.

Q. If you were Treasurer at that time, you must have known out of what fund could meet the letters of credit when due, about the tenth of July ?

A. Out of the funds voted for railways by the act 54 Vict., chap. 88, sec. 1.

Q. On the tenth of July, were there funds voted for railways ? you were still Treasurer at the time ?

A. On the tenth of July, I was not Treasurer.

Q. Who was Treasurer ?

A. The Honourable Mr. Boyer.

Q. You will notice, Mr. Garneau that the recommendations are made so that these letters of credit might be met out of moneys in the treasury under the act 40 Victoria, chapter 1, that is the act respecting the consolidated railway fund, is it not ?

A. I think so but this special payment was to be made under the act 54 Vict.

Q. Now, can you say Mr. Garneau, if there were in that fund any moneys out of which these letters of credit could have been paid at the date when they were paid ?

A. I cannot say. I was absent from Quebec when they were paid ; but the assistant treasurer, Mr. Machin made a report and it was verified by the auditor Mr. Verret. I think it must be correct.

This is the recommendation :

“ Recommended that a warrant do issue for the sum of the hundred thousand dollars in favor of The Baie des Chaleurs' Railway Co. represented by the Union Bank, of Canada.

being the amount advanced by the Bank to J. C. Langelier, commissioner, by order of the Honourable Commissioner of Public Works, to pay claims against the Baie des Chaleurs Railway company, the same being on account of the converted land subsidy granted by act 54 Vic. cap. 88, sec 1, p. (j) : under Orders in Council Nos 237 and 238 of April 23-91. "

Q. Now, when you made your report to council, you doubtless had read the act 54 Victoria, chapter 88, paragraph j, had you not?

A. Yes, it is paragraph j, I think, of 54 Victoria.

Q. Which stated that it was to "aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length, for the part not commenced, and that not finished, "about 80 miles, going to or near Gaspé Basin, a subsidy of 10,000 acres of land per mile "not to exceed in all 800,000, payable to any person or persons, company or companies, "establishing that they are in a position to carry out the said work, and to supply the rolling stock for the whole road and keep it in good working order, etc;" you took notice of that statute before passing the Order in Council?

A. Yes.

Q. Did you notice that the Order in Council states : 2. To construct and put in operation on or before the 31st December, 1892, the one hundred miles of the said railway comprised between Metapedia and Paspébiac, and the remainder as far as Gaspé Basin as soon as circumstances will permit? You noticed that, did you not?

A. I saw that. Yes.

Q. Now, during the negotiations between Mr. Thom and yourself, you wrote a letter once to Mr. Thom; did you not?

A. If I wrote to Mr. Thom, it must be in the official reports; I did not write any private letter to Mr. Thom.

Q. Do you mean in the letter book?

A. The copy must be in the letter book, if it is an official letter.

By Mr. Béique :

Q. And if you wrote one?

A. If I wrote.

By Mr. Casgrain :—

Q. Is it not true that you wrote to Mr. Thom a letter in which you told him that you were going to settle the matter on the next day or on the day after that?

A. I do not remember. If a letter was written, it is to be found into the records or in the office.

Q. You have not it here?

A. No.

Q. You have not it in your house?

A. No.

Q. Is it not true, Sir, that a few days afterwards, on the next day or the day after, Mr. Thom came to return you your letter saying to you in English: "Your letter is not worth more than your word."

A. I do not remember Mr. Thom saying that to me.

Q. Did he return the letter to you?

A. I do not remember at all, whether he returned the letter either ; if a letter written it is in the letter books of the department.

Q. Then you say you would have had that letter copied.

A. If I wrote a letter of that nature it is in the books. I do not remember written it.

Q. Now Mr. Thom became very impatient, did he not, after the passing of the Council ?

A. He was anxious to complete the affair, to take possession of the road and of the works.

Q. How was it that up to the twenty-eighth April you had not written the letter of credit of which you spoke this morning ?

A. I do not remember all these small details ; the affair went along regularly.

Q. Did that not seem to you a rather long time ? Since you had resolved when you passed the Order in Council, to pay by means of letters of credit, did it not seem to you a sufficiently long delay between the twenty third April to the twenty eighth, simply to sign a letter of credit.

A. I do not remember precisely all these details ; I know that the affair went along regularly but I do not remember all the details.

Q. Your answer is that you do not remember what passed ?

A. I do not remember all the details, I remember that I signed them, that is to say I depend on my signature or on the writings rather than on my memory.

Q. Now, Mr. Garneau, your colleagues or some of your colleagues, went to see your office in the Lower Town respecting this matter at the time ?

A. Not that I know of ; I do not remember.

Q. You do not remember that either ?

A. No.

Q. You do not remember that Mr. Robidoux went there ?

A. To the Lower Town.

Q. Yes ?

A. I do not think so.

Q. Mr. Langelier ?

A. I do not think so.

Q. Mr. Duhamel ?

A. I went to my office every day at the time ; I do not think that they came to the Lower Town.

Q. Are you certain they did not go ?

A. To the best of my recollection, I did not see them.

Q. If they did go, you do not remember ?

A. I do not remember.

Q. Did they go to your house ?

A. Not for that matter.

Q. You are certain they did not go to your house ?

A. All these matters were in the office.

Q. Did Mr. Pacaud write you a letter respecting this business at the time or before the time ?

Q. Mr. Pacaud wrote me a letter one day.

Q. Have you that letter ?

A. No.

Q. Did you destroy it ?

A. I destroyed it at once.

Q. What did it say ?

A. That letter repeated the same thing ; that it was important to settle the question as soon as possible.

Q. Will you please give me as detailed an account as possible of what was in that letter ?

A. I do not remember ; I know that he spoke of Mr. Thom being very impatient, that it was important to settle the question as soon as possible. I do not remember all the details of the letter ; I destroyed the letter and I did not pay any attention to it.

Q. Now, Sir, about what date was that letter written ?

A. I have not kept a note of that either.

Q. It was after the passing of the Order in Council ?

A. I cannot exactly say whether it was after or before.

Q. Let us see, was it not respecting the issue of the letters of credit, the payment which was to be made under the Order in Council ?

A. No, I think it was rather concerning the settlement of the whole question.

Q. The settlement of the whole question ?

A. It seems so to me ; I do not remember exactly, but I think it was that.

Q. Then, the letter must have been written between the seventeenth April and the twenty first April ?

A. I cannot say ; it was during that interval but I cannot say the day.

Q. If I understand you well then Mr. Pacaud had an interview with you and in addition to that he wrote to you ?

A. Yes, he wrote me that letter.

Q. Now was it before your interview with Mr. Pacaud or after that he wrote to you ?

A. I cannot say that either.

Q. You cannot say that either ?

A. No, I do not know ; I took the letter and I tore it up.

Q. Why did you tear it up ?

A. Because I considered that it was not a very important letter which I should require to keep.

Q. Do you not usually keep your letters.

A. It was a private letter that I had no need to keep.

Q. But respecting public business.

A. It spoke of the question, yes.

Q. Business of the department ?

A. Well it concerned the department a little, but it was a personal letter.

Q. It concerned the department a good deal, did it not ?

A. Oh ! Yes.

Q. Can you give other details respecting that letter ?

A. No.

Q. Mr. Pacaud told you that it was absolutely necessary to settle the question ?

A. Mr. Pacaud said that it was important to settle the question.

Q. That it was absolutely necessary to settle ?

A. No, I do not think he made any of those expressions.

Q. About ?

A. No ; he said it was very important to settle.

Q. How is it that Mr. Pacaud wrote to you ?

A. That does not concern me, I do not know the matter, I do not know Mr. Pacaud's motives in that matter.

Q. It did not surprise you ?

A. Well, I must confess that I did not see the reason why he should write me that letter

Q. It astonished you a little ?

A. I did not see at all the reason of his writing me that letter.

Q. That aroused your suspicions ?

A. I made no more account of it than I took the letter and I destroyed it.

Q. That aroused your suspicions ?

A. I thought that there was mixing himself up with business that concerned the Government.

Q. And was it for that reason that you did not like to close the matter ?

A. Well I do not know... It caused me to go into the details to assure myself that...

Q. Did it not also cause you to fear ?

A. I did not think of it at all.

Q. You had no fears for yourself, but it made you fear that the affair was not altogether correct ?

A. Well I cannot say exactly, it only showed that the matter was being pressed.

Q. You found that they were pressing the affair considerably, did you not ?

A. That is to say a settlement as soon as possible was suggested, was asked for.

Q. Now, when Mr. Pacaud met you on any of the occasions you have spoken of, did he speak to you of certain liabilities which he was obliged to meet ?

A. I do not remember.

Q. You do not remember ?

A. No.

Q. Mr. Garneau is your memory usually bad, or is it usually good ?

A. It is bad, I do not depend upon my memory at all.

A. Now, did Mr. Pacaud ever show you a list of debts he had to pay ?

A. Never.

Q. Never ?

A. Never.

Q. A list upon which there were several names with amounts opposite the names ?

A. Never.

Q. Did he tell you that he had liabilities to meet about that time or some time afterwards ?

A. Never.

Q. How does it happen that you are so positive in saying that he never showed you list and when you are asked if he mentioned the fact, you do not remember ?

A. Well, because showing a list is a thing that would strike one, and I am convinced that I never saw one ; as to what might be exchanged in conversation. I do not remember it might happen, but I do not remember it.

Q. Now when he went to your house he said that it was absolutely necessary for him to get some money.

A. No, he did not tell me that.

Q. He did not tell you that ?

A. Never.

Q. You do not remember that ? If he told you that, you do not remember it ?

A. I do not remember it at all.

Q. Now, on one occasion Mr. Duhamel, Mr. Langelier I think, Mr. Ross were in your office and told you that Mr. Thom was very impatient and that it was absolutely necessary for you to write him a letter promising him that the affair would be settled the next day or the day after and therefore you wrote the letter ?

A. If I wrote the letter it is copied somewhere.

Q. Writing a letter is a thing that strikes one, do you remember that ?

A. Usually I have not time to write letters, I get them written and I sign them.

Q. When you write an important letter that would strike you ?

A. One writes so many that one cannot remember them all.

Q. Now, Sir, you say that before you had passed the Order in Council of the twenty third, you were perfectly satisfied that everything was correct on the part of the company, that without that you would not have passed the Order in Council ?

A. As to their qualification and ability to do the work. That was the information I had.

Q. You were perfectly satisfied ?

A. Yes, with my colleagues, we were satisfied.

Q. You had taken all necessary information ?

Q. As much as possible.

Q. Before the Order in Council was passed, before you had made your report of the twenty first April ?

A. Yes.

Q. Now, Sir, I see here, in the record a telegram from Mr. James Cooper dated the twenty seventh April eighteen hundred and ninety one (1891) which reads as follows :

HON. MR. GARNEAU,

Department of Public Works.

Mr. Thom is acting under instructions from me and my associates, J. P. Dawes, Alexander Ewing and James Williamson, who will all become directors on the sixth of May."

(Signed) JAMES COOPER. "

Q. That must have been in reply to a letter or telegram written by you must it not ?

A. I think so.

Q. Consequently on the twenty-sixth April or about that date you were not certain that the gentlemen would form part of the company ?

A. At that time they were shareholders but a certain number of days notice had to be given to summon a general meeting. That is why several days elapsed between the twenty-sixth of April or the twenty-six and the sixth of May, because the meeting was to be held on that day.

Q. There was no company formed at the time ?

A. No, all the shares had been transferred, and the regular meeting was to be held on that day.

Q. Now, do you notice that the telegram says : " Mr. Thom is acting under instructions from me and my associates." Was that an answer to a notice in which you asked him by what authority Mr. Thom was acting ?

A. It was to satisfy myself that Mr. Thom really represented the directors.

Q. And that was after the passing of the Order in Council.

A. Yes, but we had had information before that.

Q. Now will you listen to the reading of this letter, which is in the record.

QUEBEC 20th April 1891.

TO THE HON. PIERRE GARNEAU.

Commissioner of Public Works and Prime Minister ad interim.

The undersigned has the honour to report that he has carefully examined Mr. Thom's proposal of the seventeenth April instant, by which he offers to reorganize the Baie des Chaleurs Railway Company and to carry on the works of construction; that the said proposal is perfectly in conformity with the provisions of the act 54 Victoria chapter and specially with subsection J of section 1st. Therefore the undersigned has the honour to conclude that the whole question is for the Government to ascertain, whether the Company which Mr. Thom proposes to reorganize, offers sufficient financial guarantees.

(Signed) J. E. ROBIDOUX,

Attorney General,

By CHARLES LANGELIER,

For the Attorney General

Q. Do you remember having received that letter?

A. Yes, I saw that.

Mr. Béique :—

There are some members here who seem to make it their duty to laugh at the name of Mr. Charles Langelier, I do not see anything that should occasion laughter and I think Your Honours, it is not proper.

Hon. Mr. Justice Jetté :—

I have noticed since the beginning that there have too often been manifestations one way and another, We regret the manner in which certain feelings are indicated. In a grave matter like the present I think that we ought all to be serious; we are working in the interest of the public and it is a very important matter which requires seriousness.

By Mr. Cusgrain :—

Q. Is that Mr. Charles Langelier's report of which you spoke to the Lieutenant-Governor and which is mentioned in the letter?

A. I think so.

Q. Are you sure.

A. Yes.

The letter to the Honorable Pierre Garneau signed by Mr. Charles Langelier for Mr. Robidoux and dated the twentieth April, eighteen hundred and ninety one is filed as exhibit No. 11.

By Mr. Casgrain :—

Q. Will you listen to the reading of this letter of the twenty-fourth April, 1891?

TO THE HONOURABLE P. GARNEAU,

Prime Minister and Treasurer ad interim and Commissioner of Public Works.

SIR,

You wish to have my opinion on the following points respecting the arrangement made by the Baie des Chaleurs Railway Company, by Order-in-Council of the 21st April instant, approved by the Lieutenant Governor also on the 23rd instant.

1st. What proof should Messrs. Thom and the others who negotiated with the Government produce to show that they have control of the charter of the Baie des Chaleurs Railway Company.

A. The proof, according to the statutes, should consist in the production to you of a certificate, from the secretary of the Company establishing the number of shares held by these gentlemen, and the fact that these shares constitute the majority of the stock. This certificate under the terms of article 5135 of the Revised Statutes of the Province of Quebec, makes proof before all courts of the rights of a shareholder to the shares mentioned therein. The certificate now shewn me and which was laid before the Government by Mr. Thom representing the gentlemen with whom the Government dealt seems to me to comply with all the conditions required and to establish the possession by them of seven eighths of the whole stock of the Company. According to that certificate these gentlemen absolutely control the Baie des Chaleurs Railway Company now.

2nd. Is it necessary that the company should have by a resolution of its directors, asked the conversion into money of the subsidy of 800,000 acres of land voted by the Legislature in the last session?

A. I answer No. That would be useless; it would be absolutely necessary if a subsidy had been voted to the Baie des Chaleurs Railway Company and payable to that company alone was a question, for then, it may be easily understood, it could not be deprived of a subsidy which belongs to it nor could its nature be changed without its consent. But the subsidy voted by the statute of last session (54 Victoria, chapter 88) is not of this character. It is voted to the Baie des Chaleurs Railway. The Government is authorized to pay it to any person or company whomsoever whom they find to be in a position to finish and equip the Baie des Chaleurs Railway and to pay the lawful debts remaining due by the said Baie des Chaleurs Railway Company. If the Government find that the gentlemen in question, who are represented by Mr. Thom, are in a position to fulfill all the conditions, they may grant the subsidy in question, and as they may refuse to grant it, they may, in granting it, impose any conditions they please, and among others that of converting the subsidy into cash. As to ascertaining whether these gentlemen offer the required guarantees that is not a question of law, it is a question of fact to be decided by the Government and I understand the Government have in their possession \$500,000 of debentures which these gentlemen have deposited as security.

3rd. You want to know how the Government should make the payments on account of this subsidy ?

A. I answer : The Order-in-Council itself shows it. As to the lawful debts which can be paid by the Government or its representative unless they are admitted by Mr. Thom representing those who negotiated with the Government. If the Government or their representative do not agree with Mr. Thom, the Order-in-Council shows the manner of settling the question :—it is by arbitration. As soon as the person named by the Government and Mr. Thom agree upon any debt, it must be paid without any difficulty, but I would advise you to pay any without having obtained the consent in writing of Mr. Thom or the person who may represent the gentlemen with whom the Government negotiated. I may add that there had been any objection, it is decided by the Order-in-Council ; for I call your attention to the fact that the Order-in-Council itself decides the payment to these gentlemen upon conditions therein mentioned ; and as that Order-in-Council constitutes a bargain with the Government, the Government can no longer withdraw, even supposing that an error had been committed in drafting the Order-in-Council. But I am of opinion that no error was committed and that the Order-in-Council is in conformity with the law. As to the payments made in virtue of the Order-in-Council, they do not give rise to any legal question. All that the Treasury department will have to do before making these payments, will be to assure itself that the sums asked for are for debts admitted by Mr. Thom and the persons representing the Government. It is unnecessary to add that the Treasury should not go beyond \$280,000 authorized by law ; but, within these limits, the department is obliged to pay as soon as a claim is admitted both by the Government representatives and Mr. Thom.

I have the honour to be

Sir.

Your Obedient Servant,

L. J. CANNON.

Assistant Attorney General

A. Yes Sir, that was confirmed by the Attorney General later. It was upon a report of that nature that the Government acted. I think that that corroborates everything I have stated.

Q. Is that the Attorney General's report ?

A. No there was another report besides that. That is from the Deputy Attorney General.

Q. That was on the twenty fourth April, after the Order in Council had been passed.

A. Yes.

Q. It was not before the Order in Council was passed ?

A. This is after.

Q. You still hesitated ?

A. I think that the question had been submitted before and there had been a verbal opinion.

Q. Did Mr. Cannon give you verbal instructions ?

A. In any case it was upon information of that kind that the Government acted.

A. You had so much uneasiness, that you got this letter of Mr. Cannon confirmed by Mr. François Langelier ?

A. I think that Mr. François Langelier's opinion was asked at the time.

A. On the twenty fourth of April?

A. I do not remember.

Q. This is the letter is it not?

QUEBEC, 24th April 1891.

J. CANNON, Esq.,

Assistant Attorney General,

Quebec.

Dear Sir,

I have taken communication of the opinion which you gave to the Honourable Mr. Garneau upon the Baie des Chaleurs Railway and I approve of it.

Yours very truly,

(Signed)

FRANCOIS LANGELIER.

A. Yes.

Q. You had knowledge of this letter also?

A. Yes.

Q. Will you produce a copy of these letters.

A. I have no objection, if a list of the copies required is made, we will get them produced. The copies will be made in the department and will be compared and certified by the officers of the department. The copy of Mr. Cannon's letter will be fyled as **Exhibit No. 12** and that of Mr. François Langelier as **Exhibit No. 13**.

Q. You have taken communication of these letters **exhibits 12 and 13** and it is to these letters that you now refer?

A. Yes.

Q. On the twenty-eighth of April you had received the report of the Attorney General Mr. Robidoux?

A. Yes.

Q. Will you please listen to the reading of this letter which is dated the twenty-eighth of April 1891 fyled as **exhibit No 14** and which reads as follows:

7830.

QUEBEC, 28th April, 1891.

IN RE BAIE DES CHALEURS RAILWAY.

Report of the Attorney-General, on the Order in Council. No. 237, of the 23rd April 1891.

The Honourable the Commissioner of Public Works requires the opinion of the Attorney-General upon the Order in Council No. 237 of the 23rd April 1891. The Order in Council has reference to the Baie des Chaleurs Railway and grants to this company as re-constituted certain subsidies voted by the Legislature at its last session for the benefit of the road.

It is principally on two questions that my opinion is asked.

1st. What rights were conferred on the reconstituted Baie des Chaleurs Railway by the Order in Council No. 237.

2nd. What effect would the failure to carry out the provisions of this Order in Council have upon the Government.

By the act which granted the subsidy, it is left to the Executive to decide upon persons or company in whose favor it would be definitely disposed of. The Order in Council of the 23rd April granted to the reconstituted Baie des Chaleurs Railway Company subsidies voted at the last session, of the Legislature, to aid in the completion of that road upon which works of construction had already been begun, and in the completion of that part remaining to be done, in the equipment of the road and in the payment of debts due by the Company before it was reconstituted. The amount of the subsidies by statutes anterior to that of last session is further granted to the reconstituted company. The Order in Council imposes upon the company the obligation to deposit in the hands of the Provincial-Treasurer its debentures for the sum of \$500,000. This deposit has been made.

The first part of the Order-in-Council, sets out the written proposition of Messrs Cooper, J. P. Dawes, Alex. Ewing, James Williamson, Angus M. Thom, on behalf of the reconstituted company, to build and complete the Baie des Chaleurs Railway, on certain conditions, and the last part of the Order-in-Council is an acceptance by the Government of the proposal made by the company. It was submitted to the Government in writing as a defined offer. This offer was accepted on certain conditions by the Order in Council. A copy of the Order-in-Council was forwarded to the company which complied with the conditions to which the offer bound it before having acquired any right to the subsidy voted at the last session. There is therefore a perfect contract and consequently it is in a position to demand from the Government the execution of all the obligations which they contracted by the Order-in-Council. If now the Government were to refuse to carry out the Order-in-Council, there is no doubt that the company would have a claim in damages against the Government which would be condemned to pay a sum equal to the profits which the company have realized in carrying through the enterprise to the end. Such being my opinion on the two preceding questions, I see no other issue for the Government than to fully and completely carry out the Order-in-Council of the 23rd April.

There is another question which is not especially within my competency, but upon which my views have been asked. Is the contract contained in the Order-in-Council of the 23rd April one in which I would have concurred if I had been present when the Order-in-Council was passed? I have no hesitation in stating that I concur in that Order-in-Council and that I approve it. I approve it for two reasons: First, because I think that it was of the highest importance that the Baie des Chaleurs Railway should have been taken from the old company. The second reason for my concurring in the Order-in-Council is the solvency of the company who form the reconstituted Baie des Chaleurs Railway Company, and their undoubted reputation for business integrity. I find in that sufficient guarantee that the Company will carry out its obligations.

(Signed)

J. E. ROBIDOUX.

Attorney General

A. That is the report to which I alluded this morning; that Mr. Robidoux was absent at that time and that he could not make his report. He had knowledge of the whole action, but he was in bed; he wrote his report a few days afterwards, when he was better.

Q. On the twenty eighth of April?

A. Yes,

Q. On the same day as that the letters of credit were issued.

A. Yes.

Q. How do you explain this phrase. "If now the Government were to refuse to carry out the Order in Council there is no doubt that the company would have a claim in damages against the Government, which would be condemned to pay a sum equal to the profits which the company might have realized in carrying through the enterprise to the end? Why was the Attorney General called upon to give his opinion upon that point?"

A. It was because I thought it was important that the whole question should be settled at once to put the people in possession of the road.

Q. You considered that that was very important?

A. Yes.

Q. And you had doubts?

A. I wished to know if it was important that the transaction should be completed; the Attorney General recommended it and we completed it.

Q. The transaction was completed by the passing of the Order in Council between you and the company?

A. Yes, it was to know if we should pay the money.

Q. But having passed the Order in Council you could not have any doubts that you should pay the money mentioned in the Order in Council?

A. That is another.....

Q. If you had doubts or any hesitation whence did they arise.

A. I do not remember all these details, I looked at the question in all its bearings; I wished to satisfy myself that every thing was correct before completing the transaction.

Q. What I do not understand is: with your experience of ten years in the Government, you well know that when the Government, passes an Order-in-Council, accepting proposals made to them, and in addition to that, when you have the opinion of the department of the Attorney General in this matter, that there could not have been any hesitation on your part to carry out that Order-in-Council?

A. It is possible that there was more hesitation on my part than there should have been.

Q. Why did you hesitate?

A. I myself wished to be perfectly satisfied that everything was absolutely in order.

Q. Did Mr. Pacaud's visits contribute to your hesitation?

A. No I do not think so, because I thought them of no account.

Q. A moment ago you said it astonished you?

A. Naturally, I wished to satisfy myself that everything was quite correct, because it was possible that difficulties might come later.

Q. It had given rise to some fears in your mind?

A. Well, I cannot say that it gave me any thing to fear, but it caused me to reflect.

Q. That made you reflect?

A. Yes.

Q. That is why you again asked the opinion of the Attorney-General?

A. I wish to remark to the Honourable gentlemen, that I had seen the Attorney-General several times and that I had his verbal opinion, but, as I have stated, I had his written opinion, on the twenty-eighth, as the Attorney-General was sick in bed. His report should have been dated on the twenty-third or the twenty-fourth and he was not able to make it, and

I must have informed the Lieutenant-Governor that I did not have his report, he was sick, but I was aware of its substance, that he the Attorney-General ratified what had been so far done. It was upon that I acted.

Q. On the twenty-first or the twenty-third April there could not have been an action of damages against the Government on account of an Order-in-Council had not been passed ?

A. It seems extraordinary because the report is dated the twenty-eighth ; that if at that time..... I had the opinion of the Attorney-General which was about the time of the Order-in-Council, but it was written four or five days later.

Q. Is it not true that you insinuated that you did not wish to pay the money, wished to make you pay it and that it was on that account that Mr. Robidoux's letter which I have just read to you, the letter stating that the Government would have to make the arrangement otherwise that it might be sued for damages ?

A. I cannot say that I did not wish to pay ; I had objections ; it was on these that I wished to be enlightened. When the Attorney General gave me that information which he had given me verbally before, I said : we will pay.

Q. What objections had you ?

A. It was to know whether we could pay before the work was done, but when I saw security according to the report of the Attorney General stating : " You have deposited five hundred thousand dollars, deposited as security, and the works will commence and go ahead rapidly." and that is what was done. Since, we have not a word against the new shareholders. They commenced the work and they made it go on as I said here today ; the thing is going along regularly, there have been no complaints and gentlemen have never asked for money.

Q. On the twenty third April before the Order in Council was signed, you were satisfied that Mr. Thom, Mr. Cooper, Mr. Dawes, Mr. Williamson and the others held the number of shares necessary to control the company.

A. Yes, I saw the certificate, it is of record somewhere ; they held the majority of shares.

Q. Will you please listen to the reading of this certificate and state if it is that is filed as **Exhibit No. 15**.

List of Shareholders of the Baie des Chaleurs Railway.

	Number of shares subscribed of \$50 each.	
James Cooper.....	550	\$27,500
Samuel Shackwell.....	20	1,000
A. Mc I. Thom.....	100	5,000
Robt. H. McGreevy.....	660	33,000
A. Mc I. Tom, in trust	4,570	228,500
L. J. G. Fosbrooke.....	100	5,000
	<hr/> 6,000	<hr/> \$300,000

I hereby certify that the authorized capital stock of the Baie des Chaleurs Company is \$3,000,000, of which has been subscribed \$300,000, and paid up \$30,000.
Quebec, 23rd April, 1891.

L. A. ROBITAILLE,
Secretary-Treasurer

A. That is the certificate I saw. I did not see any other.

Q. Is Mr. Dawes on it?

A. I do not see Mr. Dawes', name.

Q. Mr. Williamson's name was not on it?

A. No, Mr. Dawes and Mr. Williamson's came a few days later I think. I saw Mr. Dawes later. That is the certificate I saw, I did not see any other.

Q. Mr. Ewing was not either?

The witness does not answer.

Q. Will you listen to the reading of this letter dated Quebec, 23rd April 1891, from Mr. J. C. Langelier to you, of which you will kindly file a copy as **Exhibit No 16** and which is in the following terms :

QUEBEC, 23rd April 1891.

THE HON. P. GARNEAU,
Treasurer ad interim
and Commissioner of Public Works.

SIR,

According to his letter of the 17th instant and to the Order-in-Council No. 237, dated the 3rd, Mr. Angus Thom has handed me :

1st. A certificate establishing that he and his associates are holders of the majority of the shares of the Baie des Chaleurs Railway Company, that is to say that they have the transfer of the charter and are about reorganizing the board of directors, as they bound themselves to do in their letter.

2nd. Over \$500,000 of debentures of the Company as a guarantee of the execution of their obligation as stipulated in the letter and Order-in-Council above mentioned.

I forward all these documents to you, Sir, so that they may be deposited as you may think proper, and that you may give a receipt therefor to Mr. Thom.

Now, Mr. Thom represents to me that it is absolutely necessary that the payment of the debts of the company should be immediately commenced out of the \$280,000 mentioned in the Order-in-Council so as to allow of his getting everything straight, as soon as possible and of his organizing the work necessary to finish the road as far as Paspébiac. I am ready to commence making these payments at once in conformity with the Order-in-Council trusting me with that duty under such instructions as you may be pleased to give me. If you decide to proceed at once be good enough to cause the required funds to be placed at my disposal. No time should be lost, seeing that the Order-in-Council requires that the contested claims should all be paid not later than the tenth of May.

I have the honour to be,

Sir,

Your very humble servant,

J. C. LANGELIER,

Commissioner."

A. Yes.

Q. That is the letter by which the list of shareholders was sent to you?

A. I think so. It is an official letter.

Q. The letter was sent to you after the passing of the Order-in-Council?

A. It was on the twenty-third. It was on the same day in any case, the twenty-third.

Q. The report was made on the twenty-first?

A. Yes, but completed on the twenty-third.

Q. Your report was made on the twenty-first?

A. Yes. It sometimes takes two or three days to complete.

Q. If I understand you well, those who spoke to you, either about the passing of the Order-in-Council or about the issuing of the letters of credit by you, are your colleagues Charles Langelier, Mr. Robidoux, Mr. Duhamel, Mr. Ross a little?

A. Yes. He was.....

Q. Mr. Pacaud?

Q. Mr. Pacaud, what I said before, Mr. Pacaud and Mr. Thom.

Q. Mr. Thom went often to see you?

A. Yes, I saw Mr. Thom very often.

Q. As well for the passing of the Order in Council as for the issuing of the letters of credit?

A. For all the negotiations.

Q. He could not have gone to see you very often between the seventeenth April date upon which he made his proposal in writing and the twenty-first, the date upon which you made your report to the Council?

A. It was during that period that I saw him several times.

Q. You saw him especially between the 23rd April, the day on which the Order-in-Council was signed and the 28th April the day on which the letters of credit issued. Did you see him every day?

A. Yes, I must have seen him, I saw him very often.

Q. Is he not very active?

A. Yes, sir, he is a young man.....

Q. Tenacious, is he not?

A. He watched his business.

Q. He watched very closely?

A. I do not know if he watched it more closely than a business man should.

Q. About how many times did he go to see you to the best of your knowledge?

A. I do not know.

Q. Between the twenty-third and the twenty-eighth?

A. I do not remember.

Q. Was he there every day?

A. I cannot say, I know that he came to my office; but I do not remember the number of times, nor at what hours.

Q. I think he wearied you sufficiently?

A. All the persons who come to my office do not weary me. Those who do, I tell them to go away.

Q. He went there so often that you were very weary of him?

A. No, I cannot say that.

Q. You would have wished to see him oftener?

A. No. Mr. Thom was attending to his business. I answered him when I had time.

Q. He threatened to leave for Montreal?

A. He said if the affair did not get settled, he was inclined to leave.

Q. You said: "For God's sake, don't go; I'll settle right off?"

A. No, I told him that we would settle if it was possible.

Q. You told him not to leave?

A. I do not know if I told him; do not leave. I must.....

Q. Is it not true that you made use of this words : " For God's sake don't go ; I'll settle right off ? "

A. No, I did not say ; " For God's sake, don't go " That is not an expression I am in the habit of using.

Q. Or something in that sense ?

A. No. I may have told him not to leave, that the affair could be settled. I did not make use of that expression. I am not accustomed to make use of such expressions.

Q. This was opposite the St. Louis Hotel ?

A. I do not remember.

Q. I remember it very well.

A. Were you there ?

Q. Perhaps I was— Do you remember that ?

A. I do not remember having seen you.

Q. Do you remember having seen Mr. Thom.

A. I said so this morning.

Q. With Mr. Armstrong ?

A. It was the only time I met him.

Q. That was when he told you he was leaving for Montreal ?

A. He wished to leave.

Q. You asked him not to leave, that you would settle the question ? And Mr. Pacaud arrived in the meanwhile ?

A. Mr. Pacaud was passing in a vehicle and Mr. Armstrong went along with him.

Q. Mr. Thom went with you ?

A. No. He did not go far with me ; he went into the hotel and I went on home.

Q. Besides Mr. Charles Langelier, Mr. Robidoux, Mr. Duhamel, Mr. Ross, Mr. Thom and Mr. Pacaud, were there any others who spoke to you, to solicit you, or who asked you either to pass the Order in Council or to issue the letters of credit ?

A. No. I do not think so. I do not remember.

Q. Are you certain ?

A. I do not remember.

Q. I wish you to recall this to your memory ?

A. I do not see that it concerned any one else.

Q. That may be true, but I ask you to remember what passed and say whether other persons spoke to you about it, or solicited you either to pass the Order-in Council or issue the letters of credit or to pay ?

A. To the best of my knowledge, I say No.

Q. To the best of your knowledge ?

A. I say No to the best of my knowledge.

Q. Are you certain ?

A. I think I can positively state that no person spoke to me about it.

Q. Did Mr. Edouard Garneau speak to you about it ?

A. No, never.

Q. Neither specially nor generally ?

A. He never spoke to me about this matter or not to settle it.

Q. He did not speak to you concerning it ?

A. No.

Q. He never spoke to you about the matter?

A. It is possible that we may have spoken incidentally of the matter but he never said to me: Settle the matter or don't settle. He never spoke to me with a view of soliciting me to settle it.

Q. He did speak to you of it?

A. I do not think so, but he perhaps spoke to me, but it was never more than that.

Q. It may have happened that he spoke to you of it?

A. Not in that sense. He may have said: you have a railway matter to settle; but he never spoke to me in the sense of asking for a settlement of the matter, in the sense of asking me to settle the matter.

Q. All the same, he spoke to you about it?

A. It is possible, but he did not speak to me about it in that sense at all. No person ever influenced me. Get him to come and you may have him as a witness. Neither he nor the others could have made me do what I should not have done. I declare that, but I do not think that he ever spoke to me about it.

Q. Now, Mr. Garneau, will you listen to the reading of this letter dated the twenty-fourth of April last, written by Mr. Thom to Mr. Moreau and of which you will kindly produce a copy as **Exhibit No. 17**?

A. I declare that I have no objection to produce all the copies that may be necessary.

QUEBEC, 24th April, 1891.

E. MOREAU, Esquire,

Director of Railways.

Dear Sir,

In order that there may be no misunderstanding as to the manner and order of the payments of the subsidies to be paid to the Baie des Chaleurs Railway Company in compliance with the terms of the Order-in-Council No. 237, dated 23rd April, I would feel obliged if you would state whether they are to be paid as follows: 1. \$50,000 on completion of the bridge across the Grand River Cascapedia in accordance with paragraph I of 54 Vic., ch. 88; \$50,000 on completion of the 10 miles between miles 60 and 70; \$70,000 on completion of the 10 miles between miles 80 and 90; \$70,000 on completion of the 10 miles between miles 90 and 100; 3, the secured 35 cts. per acre on the 200,000 acres earned on the first 20 miles to be paid as provided by law; 4, the balance unexpended of the 800,000 acres of land voted last session converted into cash at 70 cts. per acre after payment of the claims as stipulated in the said Order-in-Council No. 237 to be paid according to law and the terms of the said order.

I remain,

Your obedient servant,

(Signed) A. Mc. THOM."

think this is perfectly correct.

did you receive that letter ?

yes.

did you know of Mr. Moreau's letter in reply to the one I have just read to you, to Mr. Thom, and dated the twenty fourth of April (1891) eighteen hundred and one, of which you will produce a copy as **Exhibit No. 18**, and which is in the terms :

1360. DEPARTMENT OF PUBLIC WORKS.

638. Railway office.

647. QUEBEC, 24th April 1891.

Sir, Esquire,

The Baie des Chaleurs Railway Company,

Montreal.

I have the pleasure to acknowledge yours of this date, in which you ask me to state whether the amounts to be paid your Company, in compliance with the terms of the Order-in-Council dated 23rd April instant are to be paid in the following manner: 1. \$50,000 on completion of the bridge across the Grand Cascapedia River in accordance with paragraph I of Order-in-Council No. 88. 2. \$50,000 on completion of the 10 miles section between miles 60 and 70 ; \$50,000 on completion of the 10 miles section between miles 80 and 90 ; \$70,000 on completion of the 10 miles section between miles 90 and 100. 3. The secured 35 c. per acre on 800,000 acres earned on the first 20 miles to be paid as provided by law. 4. The balance of the 800,000 acres of land voted last session converted into cash at 70 c. per acre. The payment of the claims as stipulated in the Order-in-Council No. 237 to be paid according to law and the terms of the said order. In reply I am to state that the above amounts are to be paid in the manner above described in conformity with the said Order-in-Council.

I remain,

Your obedient servant,

(Signed) E. MOREAU,

Director of Railways.

Now, Sir, that is perfectly correct, I recognize those two letters belonging to the Order-in-Council "Payable according to law" that was a vote of the two preceding years, that

Now, Sir, did Mr. Chrysostôme Langelier ever make a report to you on the claims paid ?

He made reports from time to time and he prepared one which was asked for about a year ago to complete it. He made a report up to the month of July. I do not know of any since ; he has completed his report now, he can account.

Q. I will read your letter of instructions to Mr. Chrysostôme Langelier which is at page eleven of the official correspondence between the Lieutenant Governor and the Prime Minister.

L. E. 1356.

L. R. No. 638.

DEPARTMENT OF PUBLIC WORKS,

QUEBEC, 24th April, 1891.

J. C. LANGELIER, ESQ.

Deputy Registrar of the Province,
Quebec.

Sir,

As you have been appointed a special commissioner by Order-in-Council No. 238, of date the 23rd instant, to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the Order-in-Council No. 237, passed on the 23rd instant, I think it proper to authorize you to at once examine and verify those outstanding claims and to decide which shall be considered as privileged debts legitimately due by the company or by the contractors or sub-contractors of the Baie des Chaleurs Railway, or of the sections of this road between the 20th and 70th miles beyond the little River Cascapedia in the direction of Paspébiac, according to the prescriptions and conditions mentioned in the said Order-in-Council No. 237. And when you will be in a position to give me detailed statements, with documents in support thereof, of the privileged claims, whether contested or not, payment of which you will be prepared to make in conformity with said Order-in-Council No. 237, and of the Act therein mentioned, 54 Vict., chap. 88, sec. 1, par. J., I shall place at your disposal, as you shall want them, the amounts required to pay the privileged claims approved of, or for which a judgment or the award of the arbitrators shall have been given, and this by means of requisitions to be made by the undersigned to the Honourable the Provincial Treasurer, on the subsidy of 800,000 acres of land converted into money, which subsidy was granted by the statute (paragraph J.) to aid the completion and equipment of the said railway for a distance of 80 miles, as determined in the same statute, on condition that you furnish me, on demand, with a detailed statement, special or general, of the sums which you shall have paid out of the funds so placed at your disposal, with a general report, supported by receipts and vouchers, on the result of your operations: the whole according to the prescriptions and conditions set forth in said Order-in-Council No. 237 and said Act, 54 Vict., chap. 88, sec. 1, par. J. The expenses occasioned by such verification and such privileged claims approved or adjudged to be due shall be taken out of the said subsidy converted into money and paid to you on presentation of your account in detail.

" I remain, sir,

" Yours, etc..

" P. GARNEAU.

" *Commissioner.*"

Q. That is your letter of instructions ?

A. Yes sir.

Q. I want you to tell me when it was that Mr. Chrysostôme Langelier made a report on Mr. Armstrong's claims ?

A. I was shown Mr. Armstrong's account. Mr. Thom and Mr. Armstrong had agreed

upon a settlement and Mr. Thom gave me the account certified by all the authorities; he said that it was the account he wished to settle, he agreed with Mr. Langelier and Mr. Langelier paid it.

Q. That is all the report you had.

A. For that transaction.....

Q. You have had no others ?

A. I think that the certified account forms part of the road. Mr. Thom and Mr. Langelier agreed upon this account as upon all the others. I saw that it was signed by all the competent authorities; it was paid. I had no other with respect to that.

Q. That is all you have had in the way of a report from Mr. Langelier upon that claim ?

A. Yes.

Q. When did you first hear of Mr. Armstrong claims ?

A. It was during the negotiations with Mr. Thom, I knew nothing of it before.

Q. You heard about it ?

A. Yes, I knew nothing of it before. I think it was at that time

Q. Is it not true that on the twenty fourth of April, you received from Mr. Chrysostome Langelier the letter, a copy of which is produced as **Exhibit No. 19** and which reads as follows :

24th April 1891.

THE HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Sir,

I have the honour to forward you the list of claims produced before the Government but not paid against the Baie des Chaleurs Railway amounting to \$57,073.54 to say :

Against the first 60 miles.....	38,679 65
Against the section K.....	18,393 89
	<hr/>
	\$57,073 54

There are probably other claims which will be produced when we commence the payments.

I have the honour to be,

Sir

Your obedient servant

(Signed)

J. C. LANGELIER.

A. Yes, there were the claims of the workmen, the persons who furnished supplies, boarding house Keepers & etc; as to the other, it was Mr. Thom who got Mr. Langelier to approve it.

Q. That is the only fact you mentioned to the Lieutenant Governor, you never spoke about the Armstrong claim.

A. I do not think I spoke of these even. I said that there were debts. I do not think

that I showed the list to the Lieutenant Governor. All the lawful debts were to be paid out of these funds.

Q. Did you know of Mr. MacFarlane's claim ?

A. No.

Q. You know nothing at all about it.

A. No, what I know of it was that Mr. Thom mentioned to me that it was before the courts, and that when that claim would be adjudged upon by the courts, he would

Q. You know that the works began only at the end of August this year.

A. I learned that recently. I think that they were commenced before.

And further the deponent saith not.

EDOUARD MOREAU, of the city of Quebec, Director of Railways in the Department of Public Works of the Province of Quebec, being duly sworn upon the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Baby :—

Q. Mr. Moreau, you are in the service of the Provincial Government, are you not?

A. Yes Sir.

Q. You belong to the Department of Public Works?

A. Yes, Your Honour.

Q. Railway branch?

A. Yes Your Honour.

Q. If I am not mistaken you are the chief employee in that branch, you are at the head of it?

A. Yes, Your Honour.

Q. Under the title of director?

A. Director of railways.

Q. As such, you are the guardian of the archives of that department?

A. Yes, Your Honour.

Q. Have you with you a record which is called the Baie des Chaleurs record?

A. Yes.

Q. Of what is that record composed? Is that it you have before you.

A. It is composed of a large number of papers referring to the Baie des Chaleurs Railway.

Q. These papers refer to the last transaction of the Baie des Chaleurs?

A. They are several papers that go back to the first of January (1890) eighteen hundred and ninety, which preceded that transaction; there is one dated in (1887) eighteen hundred and eighty-seven, but I placed it in the record, as it is therein referred to in a subsequent paper.

Q. Can you give us a list of that series of papers?

A. I did not make the list but I think it is as complete as possible; it includes every thing connected with the transaction.

Mr. Béique :—

I suggest that the record be placed in the hands of the clerk, so that we may be able to take from it those papers that may be useful.

Hon. Mr. Justice Baby :—

It would perhaps be prudent for the person who is to take charge of it, to make a list of the different papers.

The Witness :—

We have the control over these papers in the department by means of entries made in office; so that I might verify the papers that would be missing. I would have liked to make copies of these originals, but I had not time. It was impossible for me to get copies of them.

Hon. Mr. Justice Baby :—

The record will remain here, we will see what papers are necessary, and we will take copies of those papers.

The Witness :—

I noticed that the Commission had decided to produce copies of the correspondence changed with reference to this transaction. I have had copies made of all the correspondence—

Hon. Mr. Justice Baby :—

Q. On the oath you have taken, you have extracted from the letter book or letter book everything that has reference to this matter.

A. Yes, they are all there.

Q. Is the letter in answer to Mr. Thom's proposal there ?

A. There is no answer, properly speaking, Your Honour, because the answer is in the Order in Council itself.

Q. There was no answer, accepting or even acknowledging receipt of that proposal ?

A. No, Sir. Mr. Thom was at the seat of Government, the whole transaction was made from mouth to mouth so to speak.

Q. In that correspondence can we find the telegram from the Attorney General, the Honourable Mr. Robidoux, to the Honourable Mr. Garneau ?

A. Yes, Your Honour.

Q. Are the instructions of Hon. Mr. Garneau to Mr. Chrysostôme Langelier as Commissioner there ?

A. Yes, Your Honour.

By Mr. Casgrain :

Q. Are the reports of Mr. Charles Langelier as Commissioner included in this record ?

A. Mr. Charles Langelier's reports refer to the first sections G and H. He was appointed commissioner in (1888) eighteen hundred and eighty-eight and (1889) eighteen hundred and eighty-nine ; that is before this transaction ; however I think I put in a pamphlet which was printed by order of the Legislature and which contains one of these reports, I remember well. In any case they are among the sessional papers of the session.

Q. Is there not another report of Mr. Charles Langelier which was not printed, besides those which were printed ?

A. It is printed, but I think it is included in the sessional papers of (1889) eighteen hundred and eighty nine or (1890) eighteen hundred and ninety. That is the Honourable Mr. Charles Langelier's first report. It is also produced in the Public Works and Railways report for the year (1889) eighteen hundred and eighty nine, or (1890) eighteen hundred and ninety. I can get you a copy if you wish it.

Mr. Béique :

The inquiry made by Mr. Charles Langelier as commissioner is not in his printed report ; it was never printed ?

Hon. Mr. Justice Jetté :

No it is the report itself.

By Mr. Casgrain :—

Q. Mr. Moreau is it not the custom in the department in which you are employed to place a cover on documents which are in your department showing the nature and contents of the document ?

A. Yes, yes, doubtless.

Q. Have all the covers belonging to this record here, been included in the record ?

A. No. I kept them in the office so as to control the papers which I deposit.

Mr. Casgrain : -

I would ask the Commission that an order be given for the production of these covers.

Hon. Mr. Justice Baby :—

The order is given.

By Mr. Casgrain :—

Q. Often on these covers are there not found notes made by the ministers, which your minister makes, the Minister of Public Works, or certain other ministers in whose departments they happen to be found ?

A. Yes.

Q. What you call the cover is the envelope ?

A. Yes, what is more usually called a docket, (*chemise*).

Mr. Casgrain :—

I would ask that these covers be laid before the Commission.

Hon. Mr. Justice Baby :—

They will be.

By Mr. Casgrain :—

Q. Did you remark whether there was in the record in question a letter from the honourable Mr. Garneau to Mr. Thom dated in the month of April (1891) eighteen hundred and ninety-one, between the twenty third and the twenty-eighth of April, which was afterwards returned to Mr. Garneau ?

A. I have no knowledge of that letter. I know only of official letters. There is no letter to my knowledge other than those in the bundle which I now produce, there are no others.

Q. You are certain that all the documents respecting this affair are in this record, excepting the dockets ?

A. Yes. I will draw Your Honours' attention to the fact that there is one original document missing. I must have lent it to Mr. J. C. Langelier special commissioner, who had the claims on the Baie des Chaleurs Railway Company, as he required it to pay

those claims. However it is mentioned in one of the letters ; it is the list of claims was produced about the twenty fourth of April last by Mr. J. C. Langelier. There we there is one in the bundle, but another is not there, which is still in Mr. Lan possession. I make this observation in the case paper might be wanted.

Q. Have you described that paper ?

A. No.

Q. What was this paper ?

A. It is mentioned in one of the letters.

Q. What letter.

A. A letter which comes after the twenty fourth of April. It is a letter from Langelier which mentions that he produces claims to the amount of (\$55,000) five thousand dollars. You will see after the letter one of the lists.

Q. About what date, do you say ?

A. It is about the twenty fifth or the twenty sixth of April, perhaps the twenty also ; a letter from Mr. Langelier, there is a statement following it.

Q. It is mentioned in the letter of the twenty-third.

A. It is perhaps the twenty-third.

Q. Now, Mr. Moreau, where are the copies of the letters you made in the letter

A. We have our register in my office.

Q. It seemed to me that you said you had got copied...

A. I got a copy of all these letters commenced ; not only of the letters written ; letters received and of the papers that are there ; I could not finish.

Mr. Casgrain :—

I would ask the production of the letter books.

Hon. Mr. Justice Baby :—

Yes, the letter books must be produced.

Mr. Riopel :—

I want to ask Mr. Moreau with respect to that correspondence, if the correspondence exchanged between the departments and the Baie des Chaleurs Railway Company is in among the papers, which have been produced by Mr. Moreau ?

The Witness :—

Do you allude to the new or to the old company.

Mr. Riopel :—

The correspondence is in connection with Mr. Langelier's report.

A. I put in it very few of the letters ; I could not put in all the copies of letters put to the transaction of to day, that is to say of the month of April (1891) eighteen hundred and ninety one.

Q. Is it to your knowledge that there was any correspondence between some member of the Government and the company ?

A. There was a great deal of correspondence between the department of Public Works and railways and the old company, the old organization.

Q. Is it to your knowledge that the Honourable Prime Minister had carried on a correspondence with the company on this matter.

A. I am ignorant of it.

Q. That correspondence is not included in the documents you now file?

A. There are some letters that go back to (1890) eighteen hundred and ninety.

Q. Mr. Charles Langelier's report is dated the twenty sixth February eighteen hundred and ninety (1890) it is produced with this document. Is it to your knowledge that an answer was made by the company to this report of Mr. Langelier and that answer included among the documents now produced?

A. No, the answer is not there.

Q. Do you know at what date the company obtained a copy of Mr. Langelier's report and of the claims which accompanied that report?

A. It would be necessary to make a search in my office, but I have no recollection of it, I cannot precise the date.

Mr. Riopel :—

I would wish that all the correspondence connected with these reports which concern the inquiry held by Mr. Charles Langelier and the payment made to the employees be produced, either in the department of public works or of the Prime Minister; and also the answer to the report of Mr. Langelier of the twenty sixth February (1890) eighteen hundred and ninety; that answer was addressed to His Excellency the Lieutenant-Governor in Council.

Hon. Mr. Justice Jetté :—

You can produce it yourself Mr. Riopel.

Mr. Riopel :—

Is there any objection to the production of this document?

Mr. Béique :—

I see no objection to it, except that it may necessitate the production of proofs. I have just been looking at the pamphlet, and I see that it takes exception to certain conclusions arrived at by the commissioner as not being justified by the proof. But we do not object to it.

Mr. Riopel :—

If Mr. Béique will withdraw the commissioner's report I will withdraw my answer.

Mr. Béique :—

We have no objection to your answer.

Hon. Mr. Justice Jetté, to the witness :—

Will you please procure for us the documents which are asked for.

The Witness :—

Yes, Your Honour.

The deposition of the witness is adjourned until to-morrow, the seventeenth of October (1891) eighteen hundred and ninety one.

J. BELANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions, made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

6th SITTING.

On the seventeenth day of October in the year of Our Lord one thousand eight hundred and ninety one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President,
" " " " LOUIS FRANÇOIS GEORGES BABY,
" " " " CHARLES PEERS DAVIDSON,

Commissioners.

NAPOLEON THIVIERGE, of the Parish of St Bonaventure, Baie des Chaleurs, Arch-
priest and honorary Canon, duly sworn upon the Holy Evangelists, doth depose and say ?

(This witness is examined at the special request of Mr. Béique.)

By Mr. Béique :—

Q. How long have you lived in Baie des Chaleurs ?

A. For nineteen years.

Q. You are the *curé* of the Parish of.....

A. St. Bonaventure.

Q. Does the Baie des Chaleurs railway pass through your parish ?

A. It was to have done so ; it has not done so yet.

Q. The projected line of the railway passes through your parish. does it not ?

A. Yes, Sir.

Q. You took a great interest in the building of the road and followed all its stages ?

A. Yes, certainly.

Q. Will you tell us what was the condition of the railway in 1889 ?

A. It was in a very sad, pitiable, lamentable condition. In fact the Baie des Chaleurs
Company had entirely lost the confidence of the public. For my part personally, I would

not have advanced a dollar in the company's name, because I was under the impression that it would never pay its employees. At the time some of my parishioners came to ask me if I would take their time-checks and pay them in advance. I refused, because I then thought there would be no way of getting it back. Indeed, the men would never have been paid if the Hon. Mr. Mercier, Prime Minister, had not come to their assistance. What grieves me now is to see the Hon. Mr. Mercier, who took such interest in this part of the Province the county of Bonaventure, and who has already done so much for the county and for the Baie des Chaleurs, vilified, precisely on this account and to see him suffer terrible and infamous persecution.

Q. As a matter of fact, were the workmen paid in full or only in part?

A. Almost all were not paid at all or only in part.

Q. Did not this cause some trouble or a strike?

A. A slight disturbance did occur at the time at Maria. That is to say some people wanted to seize the works of the railway, took up the rails for a short distance, took possession of a locomotive which was on the track. These were people who wanted to be paid.

Q. Their object was to get paid?

A. Yes.

Q. It is the desire of that part of the country that the railway should be built as soon as possible, is it not?

A. Yes, every one earnestly desires it.

Q. How did the former company conduct themselves in that part of the country towards the farmers whose property the railway crossed? Did they pay for the right of way?

A. No. There were many difficulties on this question. For my part I am convinced that that company, especially Messrs Robitaille and Riopel were a public nuisance in the county of Bonaventure. They are the cause of the misfortune and want of progress existing in Baie des Chaleurs for so long.

Q. Were those who furnished the provisions paid?

A. Not more than the others, many have been long unpaid.

Q. To your personal knowledge? Have many complained to you?

A. Certainly, many of my parishioners have complained to me that they had not been paid, asking me as a favor if I would use my influence on their behalf with the Governor with the Hon. Mr. Mercier, and various persons to help them to get them paid. This is what I did. I wrote to Mr. Mercier, at the time asking him if there were no means of helping these poor people who had suffered much, and who, not being paid for their work, could not pay others what they owed them, so that they were sued by shop-keepers to whom they owed money; which caused great misfortune and suffering in my parish.

Q. I want to thoroughly understand you. Did you take the initiative yourself or did the Hon. Mr. Mercier suggest to you to do so?

A. It was I myself who took the initiative and wrote to Mr. Mercier, unfolding the situation to him and explaining the distress which existed in my parish and its environment, asking if he could not find means to help my people; it was I who suggested to Mr. Mercier the passing of a law to oblige the former company to finish its work or annul its charter.

Q. Up to what period of time did this distrust exist. Do you remember when the work was suspended.

A. To the best of my recollection, in the autumn of 1889.

Q. And it remained suspended till this summer ?

A. Yes, till last August.

Q. Do you remember a certain petition presented to His Excellency the Lieutenant Governor in council dated Nov 30, 1890, and if so tell me if it is signed by you ?

A. It is signed by me, the petition is in my writing, I drew it up.

Q. It was you who composed it ?

A. Yes.

Q. Nobody suggested it to you ? You yourself took the initiative in the matter ?

A. In asking the Hon. M. Mercier what he could do, I suggested to him to pass a law and asked him if it would not be a good and even a necessary thing to get up petitions on the subject ; the Hon. Mr. Mercier answered that it was a capital idea and that it would strengthen the Government in taking steps to assist these poor people .

Q. You are one of the old inhabitants of that part of the country ?

A. Yes.

Q. Many come then to you for your opinion ?

A. Yes.

Q. You are then what is called in Canon Law an archi-priest ?

A. Yes Sir.

Q. Be kind enough to listen to the reading of this petition a copy of which is produced as Exhibit No. 20 in this case, and tell us if it is the same one that you prepared and to which you have just alluded :

TO HIS HONOUR THE HONOURABLE A. R. ANGERS,

Lieutenant-Governor of the Province of Quebec.

May it please Your Honour the Lieutenant-Governor in Council ;

The humble petition of the undersigned, of the parish of St. Bonaventure, in the county of Bonaventure, respectfully represents to His Honour the Lieutenant Governor in Council :

1. That the construction of the Baie des Chaleurs Railway has been stopped for upwards of a year ;

2. That, according to the report of the most competent men, the said railway company has no means of continuing and completing the construction of that road ;

3. That the said company has entirely lost the confidence of the public owing to the management of its affairs, and especially, by not paying the just claims of the contractors, workmen, merchants and others, and this is what has caused uneasiness and misery prevail in the county for the past two years ;

4. That the immediate construction of the Baie des Chaleurs Railway, and its putting

into operation, is absolutely required for the progress of colonization, and for the v of the settlers and fishermen, who can derive no profit from the products of the soil and sea, owing to the want of easy and rapid communication, especially in winter ;

5. That further, the vast and rich timber limits, at least 400 miles, held unworked 1872., by the Messrs. Robitaille), are also a great obstacle to the progress of colonizat preventing settlers from procuring the lumber required for house building ;

6. That these timber limits are kept by the Messrs. Robitaille, solely for a spec purpose, awaiting an opportunity for selling them at a large profit ;

7. That were these timber limits properly worked, they would be a source of riches population of the locality, by giving work to certain men, and would have the excell sult of causing the return of a certain of our young men, who work in the timber sl in the United States, and who expatriated themselves because they had nothing t here.

Wherefore the undersigned petitioners respectfully pray His Honour the Lieu Governor in Council to take this their petition into consideration and to employ all and lawful means :

I. To compel the Baie des Chaleurs Railway Company to finish the construc its road without delay, or to transfer its rights to a *bond fide* company, which will diately complete the road.

II. To cause the Robitaille timber limits to be returned to the public domain, and wards sell them to persons who intend to work them at once, and who will ha necessary capital to commence such an undertaking.

And your petitioners will ever pray.

St. Bonaventure, 30th November, 1890.

(Signed)

P. N. THIVIERGE, Ptre, Cu

A. PERRON, Ptre, Vicar.

Gilbert Bourdages,
F.-X. Poirier
Narcisse Bourdages
George Forest
Elz. Arsenault
Siméon Caillouette
Peter Henry
Ambroise Babin
Urbain Bourdages
Lazare Arsenault
Joseph Bélanger
Stanislas Babin
Samuel Bourdages
Joseph Babin
Napoléon Poirier, mayor
Frédéric Bourque
Alexis Poirié

*Antoine Poirier
*George Fournier
*Lazare Hébert
*Marcelin Arsenault
*Thomas Roy
*Romuald Bujold
*George Cavanagh
*Nazaire Poirier
*Charles Babin
*John Legh
*Alexis Babin
*Théophile Henry
*Joseph Henry
*François Poirier
*Alfred Bujold
*Joseph Caouette
*Joseph Poirier

* All the names preceded by a star (*) have been marked by a cross.

Lazare Hervey	*Napoléon Forest
Charles Arsenault	*Alexis Bourque
Charles Bourque	*Edouard Arsenault
Alfrid Bugett	*Hilarion Arsenault
Simon Henry	*Joseph Quessi
Antoine Bourdages	*Augustin Poirier
Lévi Arseneau	*Napoléon Ferlat
Napoléon Gauthier	*Guillaume LeBlanc
George Arseneault	*Pitre Arsenault
Félix Arbour	*Félix Bourque
Joseph Arseneault	*Eclide Arsenault
Lévi Poirier	*Elzéar Bourdages
Louis Bourdages	*Janvier Paquet
Elzéar Poirier	*Joseph Forest
Jeanvier Caillouette	*John Polier
Pierre LeBlanc	*Maxime Bourdages
William Bujel	*Bonaventure Arsenault
Côme Bujold	*William Poirier
Jean Louis Cavanagh	*Napoléon Bujold
Sylvester Arsenault	*Joseph Poirier
Raymond Fournier	*Guillaume Babin
John Louis Caillouette	*Ozias Arsenault
Nicolas Bourdages	*Nicolas Rabin
Fidèle Poirier	*Ambroise Bourque
J. Félix Arsenault	*Xavier Lavach
Simon Babin	*Charles Bourdages
O. Arsenault	*Pierre Roy
Alexis Babin	*Lévi Henry
Charles Henry	*Alfred Arsenault
Louis Bourdages	*Stanislas Gauthier
*Mathias Bujold	*Cazare Babin
*Michel Pagé	*Stanislas Poirier
*François Henry	*Pierre Ferlat
*Fidel Bernier	Joseph Gauthier
*Cyrille Rousselle	Joseph Henry
*Lévi Arbour	Ignace Forest
*François Paquet	*Lévi Babin
*Maxime Henry	*Théophile Arsenault
*Joseph Bujold, fils d'Ab.	*Napoléon Henry
*Alexis Arsenault, fils de J. Pierre	*Napoléon Bourdages
*Maxime Henry, fils de Janvier	*Jean Louis Fournier
*Hilarion Caillouette	*Jean Louis Arsenault
*Jean Louis Poirier, fils d'Ab.	*Lazare Poirier
*George Poirier	*Lévi Bernard
*Joseph Henry, fils de Dom.	*Charles Poirier

All the names preceded by a star (*) have been marked by a cross.

*Camille Bernard
 *Marcellin Arbour
 J. P. Arsenault
 Joseph Arsenault
 Sylvestre Bernard
 Guillaume Arsenault
 Pierre Arbour
 Joseph Poirier
 Thos. Arsenault
 André Bernard
 J. B. Plourde
 Ambroise Gauthier
 Charles Bourdages
 Arthur Desbiens
 François Bugeold
 Maxime Poirier
 Pierre Bourque
 Richard Gauthier
 *Félix Hébert
 *Ignace Babin
 *Hypolite Arsenault
 *Majorique Dion
 *Joseph Gauthier, fils

*Xavier Bernard
 *Ozias Poirier
 *Joseph Bernard
 *Thomas Henry
 *Lazare Bernard
 *Jean Baptiste Henry
 *François Bourdages
 *Augustin Poirier
 *Joseph Bourdages
 Charles Arsenaeu
 François Bernard
 *André Arsenault
 *Alexandre Arsenault
 *Alexis Berti
 *Joseph Babin
 *Lazare Bujold
 *Lazare Caiouette
 *Frédéric Arsenault
 *Dias Arsenault
 *Simon Cavanagh
 Jean Louis Poirier
 *Narcisse Babin

St. Bonaventure, 30th November 1890.

A. Yes that is the same.

Q. Did you write to any of the other *curés* in your district asking them to take the steps, and to get up petitions of the same kind ?

A. Yes, Sir.

Q. Did this idea originate with yourself or was it inspired by some of the members of the Government ?

A. With myself, as I have already said. And when I knew that it was a good thing to get up a petition of this nature, I hastened to write to Mr. Larivé, *curé* of Paspébiac, Mr. Gagnon, *curé* of Port Daniel, Mr. Landry of New Carlisle letting them know that I was up a petition of this kind, and I think I sent them a copy or a summary of my petition asking them to do the same in their respective parishes and explaining to them that in this way we might perhaps succeed in getting those poor laborers paid.

Q. And in advancing the railway ?

A. Yes.

Q. You looked upon the road as a public necessity ?

A. Yes.

Q. The Rev. Mr. Larivé said that you told him, that it was the Hon. Mr. Mercier who had suggested to you the idea of getting up a petition ; did he understand you aright ?

All the names preceded by a star (*) have been marked by a cross.

A. I am very anxious to rectify that error, if Mr. Larivé gave that impression, for I repeat it again, it was I myself who had that idea first. I remember to have said, that Mr. Mercier told me in answer to my request, that it would be a good thing to get up these petitions. It may be that Mr. Larivée misunderstood this.

Q. Now has there not been a change in the working of the road. Have the works been resumed?

A. Yes, since the first of August the works have been resumed.

Q. How are they being carried on?

A. They are being pushed with great vigor and are well managed.

Q. Does the new company give satisfaction?

A. Every one is loud in its praise. And best of all, what was never the case before, the workmen are regularly paid. Thus, last week all those who had worked in the month of September were paid in full. Those who had been promised \$1.10 a day received \$1.10 and not one dollar or eighty-five cents as was formerly the case.

Q. Were there many men working on the line?

A. There were at one time five or six hundred men.

Q. So, every one is paid. Those furnishing materials are paid, the men are paid, and the construction progresses?

A. Yes, the construction progresses. I think that in a few weeks, they will have finished nearly twenty miles.

Q. So, every one is satisfied with the agreement the Government has made?

A. Every one is satisfied. It was a most satisfactory agreement.

By Mr. J. L. Riopel:—

Q. You have declared on oath that in 1889 almost all the workmen were not paid, that the expression used by you. What do you mean by it?

A. All the working men on the railway were to a great extent unpaid, or at least all were complaining, especially in my parish, where I saw a great number, and even up to the present time, all are not yet paid.

Q. What do you mean by these words "all were not paid".

A. Almost all.

Q. When was the work on the railroad commenced?

A. Do you mean this year?

Q. No, in the first place, the first work on construction?

A. I cannot precisely say; I think about 1887.

Q. And it was in 1889 that these difficulties occurred?

A. Yes, sir.

Q. Were not the debts you have mentioned, debts of 1889?

A. There were also debts of the first year, I think.

Q. Disputed debts?

A. Not at all.

Q. And these claims were submitted to the Government?

A. Yes.

Q. And they were not paid by the Government?

A. No.

Q. Do you know why ?

A. Because the men had not their time from the foremen. They had not taken any precaution ; they had only their word. Some are not yet paid, and cannot get paid because it appears in the books that they have been paid in full. They were obliged to sign receipts in the books. I can cite particularly the case of a young man in my parish. All the clerks were English and spoke only English, these people are Acadians who do not speak English at all. They signed thinking that it was a receipt for five dollars or eight dollars or ten dollars and it was entered in the books as payment in full. Seeing that, Mr. Langelier said he could not pay them... he told me personally. These workmen had given me their names and amounts due to them. I laid these claims before Mr. Chrysostôme Langelier ; he looked at the books and said : " there is nothing whatever due to these people." Then I interviewed my parishioners and said : " How is it that you ask and say there is due to you, some \$10, others \$18 and others \$20, and yet in the books you have given a receipt in full?" They explained to me how it was, saying : " They made us sign, but it was not a receipt in full, it was only for a sum received on account."

Q. Will you explain who were the people who acted thus ?

A. Employees of the Company.

Q. You do not know whom ?

A. No.

Q. People who did not speak French ?

A. That is what I was told.

Q. Can you declare on oath that all they told you was true ?

A. I can swear that that is what they told me.

Q. Can you swear that it is true ?

A. I do not positively swear it, but I believe it to be true, as they are not particularly accustomed to deceive ; they are not in the habit of lying.

Q. You took no steps to see if it were true. Could you not have asked the Commissioner to inquire from the contractors ?

A. Yes, I asked Mr. Langelier and I have not heard since.

Q. Was the commissioner instructed to make enquiries ?

A. Yes, he should have made enquiries.

Q. And he did not do so ?

A. That is not long since. Many have been paid, but there yet remain some unpaid.

Q. Well, these are disputed claims, are they not ?

A. I do not think so ?

Q. You think they are not disputed claims ?

A. These people are quite certain that what they ask is due to them.

Q. You are quite sure that they are not disputed ?

A. If the company has acted wrongly, that is not the fault of my parishioners.

Q. Did you apply to the company to obtain payment for your parishioners ?

A. I applied to the right person.

Q. Whom ?

A. Mr. Chrysostome Langelier, who for two years has had charge of this matter.

Q. Did you ever apply to the company ?

A. You were their manager ; what good would it have done to apply to you ?

Q. I ask you if you applied to the company ?

A. Why should I apply to you ?

Mr. Riopel :—

I request the commission to order the witness to answer.

Hon. Mr. Justice Jetté :—

Answer, if you please, *M. le curé* ?

A. I did not apply to you because I knew it would be useless.

By Mr. Riopel :—

Q. Do you know if any one applied to the company ?

A. Yes, I was told that if any one went to you to be paid you always took means to get them off till later on. Some you told that it was the contractors who ought to pay, that they had money in hand..... you must have seen a man named Pascal Dubé ?

Q. Was Mr. Pascal Dubé paid ?

A. I think he was paid.

Q. When was he paid ?

A. Lately.

Q. By whom ?

A. By Mr. Langelier.

Q. Directly ?

A. I cannot say.

Q. You cannot say if he was paid directly ?

A. I do not know ; he told me he had been paid. I do not know whether directly or not.

Q. Is it not true that your Vicar.....

Hon. Mr. Justice Jetté :—

We cannot admit this kind of evidence.

By Mr. Riopel :—

Q. Do you not know, Mr. Thivierge, that the workmen were paid in a general way and that it was even said that Mr. McFarlane paid his people well in the year 1888 and 1889. I mean Mr. MacFarlane the contractor for the 60 miles ?

A. I have heard that Mr. MacFarlane paid for the first month's work done upon the railway.

Q. In 1888 alone ?

A. The first year that he worked.

Q. Do you know how long he worked ?

A. Not exactly, I cannot say.

Q. You do not know the value of the work done by him ?

A. No.

Q. You did not keep a copy of that letter ?

A. No, it was a private letter that I wrote to Mr. Mercier, about something else.

Q. Are you in the habit of copying the important letters which you write on public business ?

A. I did not copy any of the letters which I wrote to Mr. Mercier during his absence

Q. Now, did not Mr. Mercier write to you respecting the settlement you had made ?

A. Yes.

Q. Have you the letter which he wrote you.

A. No. I did not keep it.

Q. You destroyed it ?

A. I do not remember ; I was unable to find it in any case.

Q. Did you tear it up ?

A. The letter simply said that Mr. Mercier was very glad that the matter was settled.

Q. That he was very glad of the general settlement of the matter ?

A. Yes.

Q. He was perfectly satisfied ?

A. He was perfectly satisfied.

Q. And of the manner in which it was settled ?

A. I do not know if he made use of these words, but he was satisfied that the Baie de Chaleurs matter was settled.

Q. Now, you cannot find that letter ?

A. No, Sir.

Q. Are you not accustomed to keep your important letters ?

A. Letters which I consider important, which may become important, but that was a private letter which said that among other things.

Q. But you had so much hesitation in settling this matter, in Mr. Mercier's absence that having received a letter from your chief stating that he was perfectly satisfied with the way you had settled the matter, you should I think have considered that letter an important one ?

A. Well, it is possible that the letter is not destroyed, I do not think I destroyed it.

Q. Have you looked for it ?

A. I cannot lay my hands on it.

Q. Did you look for it ?

A. I looked among all my letters and I could not find it.

Q. Did you really look for that letter with the intention of finding it ?

A. Yes, I looked for it.

Q. Did you make all possible search ?

A. All the searches that I thought necessary.

Q. Can you now say that you cannot find it ? Do you swear that ?

A. I cannot say that it will not be found some day or other, but at present I cannot find it. But what I told you just now was the contents of the letter concerning that matter.

Q. When did you write to Mr. Mercier informing him that the matter was settled ?

A. It must have been in the month of May, I think.

Q. You do not remember the date ?

A. No

Q. When did you receive Mr. Mercier's answer ?

A. It was perhaps at the end of May or beginning of June, I do not remember.

Q. Now, in examining the record I find a letter dated the fifth June, eighteen hundred and ninety-one (1891), of which I ask you to produce a copy as **Exhibit No. 21**, which is addressed by you to Mr. Thom, and which is in the following terms :

QUEBEC, June 5th, 1891.

HON. PIERRE GARNEAU,

Commissioner of Public Works and Premier ad interim.

Sir.

In view of the fact that the first 60 miles of our Railway will cost to repair, considerably more than was represented, and inasmuch as the cost of building the miles 60 to 80 on account of very expensive steel bridges, heavy cuttings and rock work will cost nearly twice as much to construct as the miles 80 to 100, which, from surveys actually made, prove to be through an absolutely flat country, the company therefore desires that out of the \$7,000.00 per mile payable on the last 20 miles, that is 80 to 100, \$3,500.00 per mile be applied and made payable on miles 60 to 80, making the subsidy of \$260,000.00 payable on the last 40 miles as follows, when earned :

Miles 60 to 80, one hundred and ninety thousand dollars (\$190,000.00,) of which amount one hundred and twenty thousand dollars (\$120,000.00) shall be paid on completion of the said twenty miles to the satisfaction of your engineer, and the balance, namely, seventy thousand dollars (\$70,000.00) shall be paid two months after said completion.

Miles 80 to 90, thirty-five thousand dollars on completion.

Miles 90 to 100 thirty-five thousand dollars on completion.

A re-adjustment of the subsidy in the manner above mentioned would be more correctly apportioned to the cost of the work to be performed on the different sections and would entail no further cost to your Government.

We therefore respectfully ask that your Government consent to the change in the payment of the subsidy as above described, and should you desire further security in addition to that now held by you as guarantee that the road shall be completed to Paspebiac, we will deposit with you a further sum of two hundred thousand dollars of the company's bonds, on payment to us of the last seventy thousand dollars (\$70,000.00), of the one hundred and ninety thousand dollars (\$190,000.00) which we have asked you to make payable on miles 60 to 80, said bonds to be returned on completion of the railway to Paspebiac.

I have the honour to be,

Your humble servant,

(Signed,) A. M. THOM,

Secretary-Treasurer Baie des Chaleurs Ry. Co.

Q. That letter was written to you ?

A. I think so.

Q. Well, do you think so, or is it true ?

A. Yes, yes, the letter was received.

Q. You answered that letter ?

A. There must have been an answer. I do not remember.

Q. You do not remember having answered ?

A. If you have the answer it might refresh my memory.

Q. Did you answer it, yes or no ; did you accept ?

A. We always answer letters generally in the department.

Q. Did you accept that proposal ?

A. If the proposal was accepted, the document referring thereto must be in the record. answer that if it was accepted, the record is there ; all those matters are of record in the department, and it ought to be in the record.

Q. Then, you do not remember if you accepted the proposal or not ?

A. I do not remember. I do not keep all those transactions in my memory ; all official matters are of record in the department.

Q. Was it a proposal that was considered important ?

A. It was certainly an important proposal, which deserved an answer.

Q. Which deserved taking into consideration ?

A. Which deserved taking into consideration.

Q. Did you take it into consideration ?

A. I say : I think I must have done so, but I do not remember the details of the matter. If you will have the kindness to refer to the record you will find everything that has any connection with that matter,

Q. Then, you cannot remember if you accepted the proposal, or if you did not accept

A. I do not remember.

Q. Now, will you listen to the reading of a letter which is dated the sixteenth June eighteen hundred and ninety-one (1891), addressed to Mr. Thom, and signed by you, a copy of which is now produced as **exhibit No 22** ?

QUEBEC, 16th June, 1891.

A. M. THOM, Esq.,

*Secretary-Treasurer Baie des Chaleurs Ry. Co.,
Quebec.*

DEAR SIR,

I have to acknowledge receipt of your letter of 5th June instant, in which you state that greater facilities for building the railway will be absolutely required from the Government on account of unforeseen difficulties and expenses, and you express the desire that Government should agree to carry out the following mode of apportioning the subsidy : viz, that of the seven thousand dollars (\$7,000.00) per mile payable on the last twenty miles (80 to 100), three thousand five hundred dollars (\$3,500.00) shall be made additionally payable on each mile 60 to 80, thus advancing to the railway \$3,500.00 on the last twenty miles (80 to 100).

before they shall have been commenced, and this in order to give you additional assistance to build miles 60 to 80 and I understand you to request that on the completion of miles 60 to 80 there shall be paid to your Company, one hundred and twenty thousand dollars (\$120,000.00), and two months after the said completion the further sum of seventy thousand dollars (\$70,000.00). As regards the last twenty miles you desire that thirty-five thousand dollars (\$35,000.00) be paid on completion of mile 90. The balance of \$35,000.00 when the one hundred miles shall have been completed,—The government agrees to the foregoing requests, but on the express condition :

1st. That no portion of the said railway shall be held to have been completed until a favorable report shall have been made thereon by an engineer on behalf of the Government as to the condition of the road, the equipment and the bridges.

2nd. That, as a guarantee that the road will be completed to Paspebiac, there shall be deposited with the Treasurer of the Province, previously to the payment of the last \$70,000.00, on the completion of mile 80, two hundred thousand dollars at par value of the company's bonds, equal in value to those already deposited with the Government. The foregoing conditions of your letter of 5th June instant having been submitted to my colleagues of the Executive Council, they entirely approve of the same, and authorize me to write you as above, agreeing to your proposals.

I have the honour to be,

Sir,

Your humble servant

(Signed) P. GARNEAU,

*Commissioner of Public Works
and Acting Premier.*

QUEBEC, 27th April, 1891.

A McINTYRE THOM, Esq.,

Québec.

DEAR SIR,

Referring to the letter of credit for one hundred and seventy-five thousand dollars (\$175,000.00), about which we had a conversation to-day in the absence of the Assistant-Treasurer, it is not convenient to give the same before to-morrow. This letter will be issued to-morrow. The proceeds of the same will be paid by the Government in accordance with the terms of the Order in-Council.

Yours truly,

P. GARNEAU.

P. S.—This sum of one hundred and seventy-five thousand dollars (\$175,000.00) will not interest between this and the first of June; after the first of June, interest at five per cent will be paid.

P. G.

A. Those documents explain themselves. I have nothing to add.

Q. It was you who wrote that letter ?

A. It was I who wrote that letter.

Q. Now, is there an Order-in-Council based on the letter which you wrote to Mr. T and which I have just read to you ?

A. I do not think so.

Q. Are you certain, yes or no ?

A. I think I may say that I am certain. I do not think that there was an Order-in-Council, but I will make inquiries, I can find out.

Q. If there is an Order-in-Council you will produce it ?

A. I will produce it.

Q. If you do not produce it, it will be a sign that there is none ?

By Mr. Bédouin :—

Q. You stated that you had searched for that letter that you received from Mr. Mercier at whose request did you search for it ?

A. I spoke of it one day to Mr. Mercier ; Mr. Mercier asked me if I had his letter and I told him that I had searched for that letter recently.

Q. And you could not find it ?

A. And I could not find it.

Q. Now, you were asked, in the questions put to you by Mr. Casgrain, if pressure had been brought to bear on you ; you already answered to that question ; you stated, I think, what was done, was to endeavor to hasten the settlement of the affair ?

A. Yes, sir.

Q. Did you ever know that illegal pressure was sought to be brought to bear upon you respecting the settlement of that matter ?

A. No, I had no knowledge of it.

Q. Would you have allowed pressure of that nature to be exercised upon you.

A. No.

Q. Would you have allowed either Mr. Pacaud or any other to threaten you in order to get Mr. Mercier to return, with the view of instructing you to settle the matter ?

A. No.

Q. You would, doubtless, have taken such threats as an insult, would you not ?

A. Certainly.

Q. You were not upon such terms with Mr. Pacaud as to permit of his making threats ?

A. I do not think that Mr. Pacaud would ever have allowed himself to do such a thing.

Q. Now, you have spoken of your intention to resign, and you stated that you communicated that intention to certain persons ; will you say why you thought of resigning ?

A. Well, I had already for some time thought of resigning, and had already manifested my intention, and I considered this matter of such great importance, that I felt the responsibility weighing upon me, and I wished to get rid of it.

Q. You were at that time in charge of two or three departments ?

A. Of two or three departments.

Q. And you felt that the responsibility was too great ?

A. Too great.

Q. Was your health good ?

A. My health is not very good, and at that time it was not very good, and I was very much fatigued ; I felt that the responsibility which I had was too great.

Q. But the idea of resigning which you had, had no connection with any pressure that might have been exercised upon you.

A. No pressure, no threat that was made to me, as it has been pretended.

Q. Now, out of what year was the subsidy to be taken, out of which the hundred and seventy-five thousand (\$175,000) have been paid to Mr. Armstrong ?

A. Out of the vote of the Legislature, in December eighteen hundred and ninety (1890) under the act 54 Vict.

Q. Then, that subsidy could not be paid except during the year which commenced on the first July, eighteen hundred and ninety-one (1891), is not that so ?

A. Yes, that was for the finances of eighteen and ninety-one and ninety-two (1891-92) ; it could not be touched until after the first of July, eighteen hundred and ninety-one (1891).

Q. Then, you could not get from the Treasurer the sum of one hundred and seventy-five thousand dollars, (\$175,000) before the first of July, eighteen hundred and ninety-one ?

A. No.

Q. You have already stated, that you considered that it was not necessary to have an Order in Council to pay that sum, as it was a sum that had been voted by the Legislature ?

A. For a special purpose. I have already said that ; that was the opinion of my colleagues and my own opinion.

Q. And the Order-in-Council number two hundred and thirty-seven (237) had provided for that ?

A. Yes, the Order in Council mentioned that vote.

Q. You were asked yesterday if you had any relations with your son respecting this matter : will you state if you had occasion to speak to your son about anything connected with it, and what it was ?

A. My son did not speak to me about this matter ; in so far as the settlement of this matter was concerned, my son did not speak to me at all.

Q. Did you obtain, through your son, certain information respecting the new syndicate ?

A. The information I received from my son was this : wishing to ascertain the agency of several members of the syndicate, I asked at my office in the Lower Town, presented by my son, for books that we had of certain corporations, known as Dunham & Co., and Bradstreet and I had those books sent to me, for the purpose of ascertaining the standing of those persons.

Q. To see how they were rated ?

A. To see how they were rated, as I wished to take all possible precautions to assure myself. Those were all the reports I had.

Q. The list of shareholders was read to you yesterday ?

A. Yes.

Q. Amongst the number was Mr. Thom as a subscriber for two hundred and twenty-six to two hundred and twenty-eight thousand dollars (\$226,000 to \$228,000), of the three hundred thousand dollars (\$300,000) which were then subscribed in the company, Thom in trust ?

A. Yes.

Q. Who did Mr. Thom represent in that subscription, according to the information you had obtained at the time.

A. He represented Mr. Cooper, Mr. Dawes, Mr Ewing, Mr. Williamson, and several others, whose names, I do not remember; the names of these appear in the letter which Mr. Thom sent to me on the seventeenth of April, but they did not yet appear, as the general meeting of the new shareholders was convened for the sixth of May; a certain number of days required by law had to elapse between that time and the day upon which the meeting was to be held, and, not being altogether satisfied with that yet, we telegraphed to Mr. Cooper, to ask him for all possible information, and Mr. Cooper replied, that what Mr. Thom had done, was being done for him and for his colleagues, all that he represented was correct; and as soon as the meeting was held all these names appeared as directors; they were elected as it had been agreed.

By Mr. Casgrain :—

Q. Mr. Garneau, the telegram which you mentioned a moment ago is the telegram from Mr. Cooper which I read to you yesterday ?

A. I do not remember.

Q. This telegram : “ Mr. Thom is acting under instructions from me and my associates, J. P. Dawes, Alexander Ewing and James Williamson, who will all become directors on the 6th of May.” It is that, is it not ?

A. It is that.

Q. Dated the twenty-seventh April, eighteen hundred and ninety-one (1891) ?

A. That is the telegram.

Q. Six days after you had made your report to the Council, was it not ?

Mr. Casgrain :

Will the Commission allow me to make this application. As I mentioned a moment ago, the record having only been placed before us yesterday afternoon, we have not had the time to examine it as we would like to do. If on further examination of the record we find anything that requires explanation by Mr. Garneau, we would request permission to recall him to ask him further questions, and I ask that the Commission reserve us the right to do so.

Hon. Mr. Justice Jetté.

As soon as you show that these questions are necessary, we will be ready to allow you to put them.

EDOUARD MOREAU, of Quebec, director of Railways, being recalled, continues his deposition as follows :

Hon. Mr. Justice Baby :—

Q. Mr. Moreau, have you the covers of the records which yesterday you were asked to produce ?

A. I have brought them.

Q. How many are there ?

A. There are twenty-three.

Hon. Mr. Justice Jetté :—

Are those documents required in the department ?

A. I have a copy of them and I have a copy of the two principal records.

Q. They had better be left here so that counsel may take communication of them ?

A. I see no objection to leave them here until Tuesday.

By Hon. Mr. Justice Baby :—

Q. You were not asked to produce other documents ?

A. I have brought the registers of the letters written, which I was asked for yesterday ; there are four. I have brought the list of claims, to which allusion is made in one of Mr. J. C. Langelier's letters, I think, of the twenty-third. That list is missing, but this is a copy, it is not precisely the same list I had, which was produced at the time, at the same time as Mr. Langelier's letter in the department. The amount is somewhat different. The total of the claims is here fixed at (\$39,661), thirty-nine thousand six hundred and sixty-one dollars, while in the original list the amount is thirty-eight thousand and some hundred dollars, the difference not being large. Mr. Langelier tells me that this list is among his papers, and that he will produce it as soon as he has found it among his papers.

Q. Whence arises the difference between the original and the copy ?

A. The difference may be in the amount of one of the claims. The difference is perhaps about five or six hundred dollars.

By Mr. Casgrain :—

Q. Mr. Moreau, why did you not produce those covers yesterday, when you brought the record.

A. I did not bring them because I had not an order from the Court to produce an original document ; these covers of records are originals, and are our only control in the department.

Q. Is that the only reason why you did not bring them ?

A. I have no other.

Q. When you produce those documents anywhere, you are accustomed to produce them with the covers, the envelopes ?

A. Rarely. I never produced a document in Court in its docket.

Q. Now, will you state where this document is that is mentioned on the back of the envelope number (647) six hundred and forty-seven. Is that the number of the file or the number of the docket ?

A. It is the number of the docket.

Q. "Under this cover drafts of letters of Mr. Thom, dated the seventeenth and twentieth of April, 1891, and containing the terms of his original proposals; and also letter of Mr. Thom to the Commissioner, containing the terms of his final proposals and bearing dates." Where are those drafts?

A. I have them in the office, because they are not signed documents, they are not official.

Q. You have not brought them?

A. I have not brought them.

Mr. Casgrain :—

I would ask for an order from the Commission to have these documents brought.

Hon. Mr. Justice Baby :—

The order is given.

By Mr. Casgrain :—

Q. Now I read: "See under this cover draft report, an original by L. J. Cannon, assistant attorney general, dated the twentieth April, 1891, upon the advisability of accepting Mr. Thom's proposal."

A. I think that that legal opinion is in the bundle.

Q. The legal opinion, but is the draft of the original report?

A. It should be there.

Q. I wish you would find it; I cannot find it.

The Witness :—

What date, if you please?

Mr. Casgrain :—

The twentieth of April eighteen hundred and ninety-one (1891).

The Witness :

A. It should be there. (The witness searches the record). It is not in the record for that date. I see that there is a report of the Honourable Mr. Robidoux which bears the date of the 20th April.

Q. By Mr. Charles Langelier?

A. Yes, signed by Mr. Charles Langelier for Mr. Robidoux.

Q. That is not the one I am speaking about?

A. I know that; but I see that at the date of the twentieth April, I may have put the name of Mr. Cannon, the assistant attorney general in place of the Attorney General. I will look in my papers to see if I have that draft.

Q. You will observe, Mr. Moreau, that the letter which is there is not a draft. It is a letter written by Mr. Charles Langelier in the name of Mr. Robidoux; it is not a draft. How then you could not have made that mistake?

A. I understand.

Q. Now I read; "see under this cover a letter afterwards cancelled, dated the 20th April, 1891." Will you look at that letter?

A. It is not there ; it is not signed.

Q. " See under this cover letter afterwards cancelled by the Commissioner to Mr. Thomson dated the 27th April, 1891 ; " it is not signed ?

A. It is in the office, it is not official.

Q. You swear that it is not official ?

A. It is not official, it is not considered as forming part of the envelope.

Q. You marked it on the envelope ?

A. I noted it, but it is not signed.

Mr. Casgrain :—

I should ask that the witness produce it.

Hon. Mr. Justice Baby :—

You must produce it, Mr. Moreau.

The Witness :—

Very well.

Mr. Casgrain :—

Q. Now, I read this : " See under this cover report dated the 28th April, 1891, which is the only official report of the law officers of the Crown to be laid before the House, if the papers in this matter are asked for." Is that report there ?

A. It is there. This report is signed by Mr. Cannon, but it is accepted ; in the public departments, Mr. Cannon's opinion is that of the Attorney General. I therefore put the name of the Attorney General.

Q. And that report was the only one to be laid before the House if the papers were moved for ?

A. It is written there.

Q. Did you write all that is written on that envelope ?

A. No, it is not my writing.

Q. It is signed with your initials ?

A. Yes.

Q. You approved of what is written there ?

A. I approved it.

Q. Now, is there in the record a letter from you as director of Railways to Mr. Armstrong, telling him that he had no claim at all against the company or against the Government ?

A. There is none.

Q. Where is that letter ?

A. There is not such a letter to my knowledge.

Q. Did you ever write a letter to Mr. Armstrong in that sense ?

A. Never.

Q. Did you get it written, or did any one to your knowledge write on behalf of the Department of Public Works ?

A. Never.

Q. No letter of that nature ever existed ?

A. Not to my knowledge.

Q. You communicated with Mr. Armstrong?

A. Not respecting the transaction of (\$175,000) one hundred and seventy-five thousand dollars, by Order in Council?

Q. But you communicated with him respecting his claim?

A. No, not in any way.

Q. You are positive?

A. I am positive.

Q. Mr. Moreau, under whose instructions did you make the last entry which I read to you a moment ago: "See under this cover report dated the 28th April, 1891, which is the only official report of the law officers of the Crown to be laid before the House, etc.?"

A. According to instructions from my chief; that is to say, my chief told me that the document which would be laid before the House.

Q. Your chief, the Honourable Mr. Garneau?

A. Yes.

Mr. Béique:—

Q. Was there anything extraordinary in these entries?

A. Not at all.

Q. It is a usual matter?

A. It is an ordinary matter of administration.

Q. Now, Mr. Moreau, will you state if there was any Order in Council as a consequence of the letters, first, of Mr. Thom to the Honourable Mr. Garneau, of the fifth of June, eighteen hundred and ninety-one (1891), and secondly, of the Honourable Mr. Garneau to Mr. Thom, of the sixteenth June, eighteen hundred and ninety-one (1891)?

A. No, there is no Order in Council.

Mr. Béique:—

I would ask that a general order be given Mr. Moreau to look everywhere in the department, so as to bring all the documents which might concern this matter.

Honorable Mr. Justice Baby:—

Mr. Moreau, bring here everything you may find.

And further the deponent saith not.

J. BELANGER,

Clerk of the Commission

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

7th SITTING

On the twentieth day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, president.

"

"

LOUIS FRANÇOIS GEORGES BABY,

"

"

CHARLES PEERS DAVIDSON,

Commissioners.

Mr. Burroughs :—

If the Commission will allow me, I have an application to make. I represent Mr. Edouard Garneau, the son of the Honourable the Commissioner of Public Works. A question was put to the Honourable Commissioner, tending to incriminate Mr. Garneau, my client, for undue pressure that he may have exercised upon the Commissioner of Public Works.

My client is naturally desirous of having an opportunity to refute that insinuation, in so far as it concerns him personally. It gave rise to rumors and accusations which have been repeated in the papers and which naturally prejudice him to a great extent. Further, may add that the name of Mr. Edouard Garneau appears in the list of witnesses who are to be heard before the Commission.

Under these circumstances he asks, and I make the application on his behalf, that he be immediately heard upon this point of undue pressure. His declaration will take a few minutes only. He will always be at the disposal of the counsel or of the Commission, if it is desired to examine him further later on.

Hon. Mr. Justice Jetté :—

We have not noticed that any declaration whatever has been made that can be taken the sense which you give to the evidence so far given, and we do not think it necessary to examine Mr. Edouard Garneau just now. Later, when the enquiry is further advanced, if you think it advisable to contradict or to make any formal declaration on

these points, you will have every opportunity of so doing ; but we think that just now it would be interrupting our proceedings and uselessly confusing matters.

Mr. Burroughs :—

The Honourable Commissioner of Public Works was asked if it was not true that his son had exercised unlawful pressure upon him in connection with the Baie des Chaleurs matter.

Hon. Mr. Justice Jetté :—

The Honourable Mr. Garneau positively denied it.

Mr. Burroughs :

It is true that the Honourable Minister answered no ; but, however, notwithstanding that denial, rumors are everywhere publicly circulated to the effect that I have just stated. All that Mr. Garneau asks is to be allowed to contradict on oath, and to declare ~~her~~ solemnly before the Commission that he never received anything either directly or indirectly in connection with the settlement of the Baie des Chaleurs matter, and that he never exerted any pressure upon the Honourable the Minister of Public Works.

Hon. Mr. Justice Jetté :—

We do not think we should allow it for the present.

The **HONOURABLE MR. PIERRE GARNEAU** is recalled and again examined as follows :—

By Mr. Bédouette :—

Has a letter been found which was written to Mr. Thom, on the twenty-seventh of April, eighteen hundred and ninety-one (1891), and which was signed by you ?

A. Yes, Sir.

Q. Will you read that letter ?

A. Before reading that letter, I wish to say this : The other day, when I was asked if a letter of this nature did not exist, I did not remember. I since gave instructions to have searches made, and Mr. Moreau found this letter and put it into my hands.

QUEBEC, 27th April, 1891.

“ A. MCINTYRE THOM, ESQ..

Quebec.

“ Dear Sir,

“ Referring to the letter of credit of \$175,000, about which we had a conversation ~~to~~ day, in the absence of the assistant treasurer it is not convenient to issue the ~~same~~ before to-morrow.

" This letter will be issued to-morrow, and the proceeds of the same will be paid by the Government in accordance with the terms of the Order-in-Council No 647.

" Yours truly,

" P. GARNEAU.

" P. S. This sum of \$175,000 will not bear interest between this and the 1st of July. After the first of June interest at five per cent will be paid.

" P. G.

In the letter, the number six hundred and forty-seven (647) is mentioned as the number of the Order-in-Council ; that is an error, it should be two hundred and thirty-seven (237). I signed that letter.

Q. There was at first in the original draft of the letter the word " July," was there not ?

A. Yes.

Q. The word " June " was substituted therefor ?

A. Yes.

Q. Was this letter cancelled ? If yes, please say when.

A. This letter was cancelled the next day, as agreed upon ; I cancelled my signature the next day, when I gave the other letter ; I struck out my signature and I wrote on this letter : " This letter cancelled and replaced by others."

Q. Was this letter returned by Mr. Thom or did it remain in the department ?

A. I think that Mr. Thom had it for about twenty-four hours in the department.

Q. This letter had been written by Mr. Thom, I think ?

A. It was written by Mr. Thom.

Q. Will you state under what circumstances that letter was written, if you remember the circumstances ?

A. The other day it was thought extraordinary that there had been an interval of time between the twenty-third and the twenty-eighth, date of the issue of the other letters. The other letters are dated on the twenty-eighth and that one is dated on the twenty-seventh. It is stated in that letter that it was owing to the absence of the assistant-treasurer, who was not there at the time. That is the reason of the delay. On the next day, the assistant-treasurer being there, the whole was completed and this letter was returned.

Q. Had Mr. Thom been admitted to the Council to discuss the transaction ?

A. Mr. Thom was admitted two or three times to the Council Chamber to confer with the Ministers.

Q. In your presence ?

A. In my presence.

Q. And it was after one of these conferences that he prepared that letter ?

A. I think that it was written at the very time, as it is on Executive Council paper. It was written at the time.

This letter is produced as **Exhibit No. 24.**

By Mr. Casgrain :

Q. Mr. Garneau, who gave you that letter since the last sitting ?

A. It was Mr. Moreau.

Q. I see that it has a number ; that must be the number of the fyle ?

A. Yes.

Q. What do these letters " L. R. " mean ?

A. That is the register or the book, I think, the letter book, something like the register.

Q. What register ?

A. I cannot say. Mr. Moreau can explain that.

Q. Now, when did you give that letter to Mr. Thom ?

A. It was when it had been agreed, and because the other letter could not be that day.

Q. How long was Mr. Machin absent at that time ?

A. I do not exactly remember.

Q. Was he long absent ?

A. I do not think that he was long absent.

Q. Was he absent for two months ?

A. I cannot say. I know that at that time Mr. Machin had to absent himself from Sherbrooke, but I cannot exactly say the days when he was absent.

Q. Was he absent on the twenty-fourth ?

A. I do not remember that either. I do not know.

Q. Was he absent on the twenty-fifth ?

A. I cannot say at all, I know he was absent on that day.

Q. Are you certain that he was absent on the twenty-seventh ?

A. Yes, I think he was absent on that day. He was absent at the time when this came up.

Q. The letters of credit, or the promises to pay, or the engagements in favor of the were made by you ?

A. I had them written, I verified them and I signed them.

Q. Why did you want Mr. Machin ?

A. When matters concerning the Treasury Department are in question, the assistant-treasurer is always wanted.

Q. You were treasurer at the time ?

A. I did not know the details of the working of that department ; so that I wanted the assistant-treasurer.

Q. Then it took from the twenty-third to the twenty-seventh to decide that you issue letters of credit ?

A. This is dated on the twenty-seventh in any case.

Q. Yes, but if you would answer my question ?

A. It appears to have taken that time, since the letter is dated the twenty-seventh.

Q. Do you remember, yes or no, if it took from the twenty-third to the twenty-seventh ?

A. Yes.

Q. It took that time ?

A. Since that says so.

Q. During all that time, you hesitated to issue the letters of credit ?

A. There were negotiations, since I say that I believe that Mr. Thom was present in the Council Chamber at that time.

Q. I do not ask you if there had been negotiations ; I ask you if from the twenty-third to the twenty-seventh you hesitated to issue the letters of credit ?

A. I do not remember other details.

Q. You do not remember ?

A. I do not remember other details ; but necessarily, the letters were not issued before the twenty-seventh or the twenty-eighth.

Q. Were there other letters about the Baie des Chaleurs matter similar to those you wrote to the Union Bank and the National Bank, which are usually called letters of credit or engagements ?

*The Witness :—*Do you mean for the same amount.

Mr. Casgrain :—

Q. Not for the same amount, but for another amount ?

A. I do not think so.

Q. Are you certain ?

A. I believe so ; I may say that I am certain.

Q. There were no others issued ?

A. I believe not, I think not.

Q. In connection with the Baie des Chaleurs subsidy, that is the subsidy of two hundred and eighty thousand dollars (\$280,000) or that of two hundred thousand dollars (\$200,000) ?

Mr. Bèique to Mr. Casgrain :—

In whose favor ?

Mr. Casgrain :—

In favor of the company or any person interested ?

The Witness :—

A. No, I do not think so.

Q. Are you certain ?

A. I believe I may say that I am certain.

Q. It is a sufficiently important matter ; I ask you to remember positively ?

A. Well, I do not believe that there were any others issued.

Q. You cannot be more certain than that ?

A. If there are any, it would be in the record and we could produce copies. I do not know if there were any.

Mr. Casgrain :—

I ask you to have searches made.

And further the deponent saith not.

WILLIAM LEBOUTHILLIER FAUVEL, of Paspebiac, Member of the House of Commons for the County of Bonaventure, aged 42 years, being duly sworn upon the Holy Scriptures, doth depose and say :

(Examined at the special request of Mr. Bèique.)

By Mr. Bèique :—

Mr. Fauvel where do you live ?

At Paspebiac.

For how many years ?

A. For the past six years.

Q. You are a member of the Federal Parliament for the County of Bonaventure ?

A. Yes, Sir.

Q. Are you in a position to say, what was the condition of the Baie des Chaleurs Railway in eighteen hundred and eighty-nine (1889) and in eighteen hundred and ninety (1890), and what was the state of public opinion at that time in the county ?

A. The railway was commenced in eighteen hundred and eighty-seven (1887); the works were continued up to the fall of eighteen hundred and eighty-nine (1889), during the summer only during that time. In eighteen hundred and eighty-nine (1889) there was a sort of crisis among the workmen and the works were stopped. Contractors' bonds, payable to bearer, were sometimes offered at a discount of fifty per cent to the merchants, for bread to eat by these workmen who had worked on the road; I had been offered them at fifty per cent discount, I refused them. I would not have given ten cents for them.

At that time, petitions were sent to the Government; I, myself, being a member of the County Council and Mayor of New Carlisle, got one prepared and had it passed by that Council. Among the persons who composed the Council, the large majority were friends of the old company, there were only three who were in favour of Mr. Mercier's Government; but, on that occasion, seeing the existing distress, they laid aside all desire to damage the Government and unanimously voted a resolution praying the Prime Minister to come to their assistance and cause the old company to disappear and endeavor to find another; which was afterwards done?

Well now, last Thursday, which was the seventeenth of October, I personally visited the works made since the first of August of this year and I found that the great obstacle to the passing of the Baie des Chaleurs Railway which had been heretofore no longer existed. Why? Because the large bridge over the Cascapedia River, which is at least a half a mile long, is made, and a train will pass over it to-morrow or next day. I think that afterwards the twenty miles which were undertaken for this year will be completed in six weeks. Almost as soon as the train will have passed on the Grand River Cascapedia, the rails will be sent over, and the contractor assured me that in six weeks the first twenty miles will be completed. That will always give us eighty miles of railway finished.

I spoke to several workmen who were there. Every one is perfectly satisfied; they told me that they were paid to perfection, that if they had one dollar and a half per day they were paid one dollar and a half, and that certainly things had been very much improved since the new company had undertaken the task.

Q. Do you know if the rails have reached the locality ?

A. The rails have arrived; there are twenty-one hundred tons of rails on the banks of the Grand Cascapedia, ready to be transported on the twenty miles which have been laid out.

Q. You spoke of petitions that were sent to the Government; will you take communication of the petition now shown you and state if it is one of the petitions to which you alluded.

A. That petition is one on behalf of the municipality of New Carlisle.

Q. Are you one of those who signed it?

A. I am, but I made it: Mr. Landry, who was *curé* at the time asked me to make it, as he did not wish to attend to it at the time.

Q. It was signed?

A. It was signed by me as mayor, by the municipal councillors, and also by a great many respectable and influential persons of the municipality.

I produce a copy of that petition as **Exhibit No. 25.**

Q. Will you take communication of another petition which is now shown to you, and state if it is one of the petitions which were sent to the Government concerning the railway question.

A. That is a petition on behalf of the inhabitants of the municipality of Paspébiac; it was drawn by the Reverend Mr. Larivée; I know his writing well, and I know the persons who signed it.

Q. You know that it was signed by persons belonging to the county?

A. By respectable persons belonging to the county.

I produce a copy of this petition as **Exhibit No. 26.**

Q. Will you take communication of a resolution of the county council of the county of Gaspé, which is now shown to you, and state if you know the signature of the secretary, and if you had knowledge of this resolution?

A. That is a petition on behalf of a public meeting which was held in the town of Percé, in the county of Gaspé, of which Mr. William Flynn is the secretary. I know Mr. Wm. Flynn's signature well, having had many dealings with him.

I produce a copy of that petition as **Exhibit No. 27.**

Q. Will you take communication of a petition from the Municipal Council of L'Anse-au-Griffon, and state if you know of the passing of that resolution, and if you know the signature which certifies the copy?

A. The only signature I know is that of Mr. William Flynn, the secretary-treasurer; I know his signature perfectly well.

I produce a copy of that resolution as **Exhibit No. 28.**

Q. Will you take communication of a petition adopted by the Percé Board of Trade and state if you know the signature of the person who certified that petition?

A. I know perfectly well the signature of Mr. Joseph Lavoie, Secretary of the Board of Trade, and also Clerk of the Court at Percé.

I produce a copy of that petition as **Exhibit No. 29.**

And further the deponent saith not.

E. ELLIOTT WEBB, of the City of Quebec, being first duly sworn upon the Holy Evangelists, doth depose and say:

By Hon. Mr. Justice Davidson:—

Q. What is your employment Mr. Webb?

A. I am cashier of the Union Bank of Canada.

Q. Have you been such for some time?

A. For some years.

Q. In what office of the bank are you connected?

A. At the office in Quebec.

Q. In the course of April last was your bank requested to deal with certain letters of credit issued in connection with the "Baie des Chaleurs Railway Company" and if so what was it, state fully as to dates and details?

A. During April we were applied to discount a letter of credit for one hundred and seventy-five thousand dollars (\$175,000.00.) Pacaud came to see me about the matter, asked if we would be disposed to discount it, I told him that I would consider it, and I brought it to the board, and that if the matter could be satisfactorily arranged, I thought I would. I asked him if the account could be divided so that the amount could be less, and in conversation he asked me if I would see the Banque Nationale, and see if they would take a portion of it. I saw Mr. Lafiance and he agreed to take a portion of it, amounting to seventy-five thousand dollars (\$75,000.00), if everything was found satisfactory. The first letter was I believe first drawn for one hundred and seventy-five thousand dollars (\$175,000.00) and afterwards divided into two letters, one hundred thousand dollars (\$100,000.00) discounted by the Union Bank, and seventy-five thousand dollars (\$75,000) by the Banque Nationale.

Q. Can you fix the date of this interview with any accurate certainty?

A. No, Sir, I could not speak definitely as to dates.

Q. How long approximately before the twenty-eighth of April?

A. Probably I should think during the week before.

Q. Who first spoke to you with reference to the matter?

A. Mr. Pacaud.

Q. Up to the twenty-eighth of April, had any other person any interview with regard to handling this letter of credit?

A. I think not outside of our solicitors.

Q. You include J. C. Langelier in that statement?

A. No, I think not, the only interview I had with Mr. J. C. Langelier was, when he came to the bank to endorse the letter of credit. I would like to state here, that in evidence before the Senate, I mentioned that Mr. Langelier had brought the letter of credit to the bank himself, but I am not positive about that; he said that he did not, and I think he is correct; it may have been received from Mr. Machin.

Q. Mr. Langelier made no application for discounting the letter of credit?

A. Only by coming to the bank to endorse it, before it could go to his credit.

Q. At what date was that?

A. I could not give the exact date, but I should think about the twenty-eighth of April.

Q. Did he endorse it?

A. He endorsed it, and I told him at the time that I could not say before submitting it to the board, whether I could place it to his credit or not.

Q. Are you aware as to whether or not at that moment, cheques had been issued by Mr. Langelier against the letters of credit?

A. I could not say whether the cheques had been issued at the time of his interview with me or shortly after. I should say that the cheques were presented to me by Mr. Langelier, and I told him then that it had not been decided whether we should accept the letter of credit or not.

Q. What steps did you take by way of enquiry as to these letters of credit, from the bank department?

A. There were no steps taken I think.

Q. Did you visit the department?

A. Yes, I was at the department one afternoon at least.

Q. Whom did you see there and what passed?

A. I saw Mr. Machin and Mr. Duhamel was there I suppose at the time.

Q. Who is Mr. Duhamel ?

A. I believe the Minister of Crown Lands.

Q. Taking Mr. Duhamel first what was the purpose of your interview with him ?

A. He was merely present when I was in Mr. Machin's office.

Q. By accident ?

A. By accident.

Q. What passed between you and Mr. Machin ?

A. He showed me a letter of credit as it was drawn up. I may state that up to the time of going there to see whether the letter of credit was drawn in a way that I considered to be satisfactory to the bank, Mr. Machin showed me this letter of credit, I think that was all that occurred at the time.

Q. What inquiry did you make at the time, if any, as to the Legislative grant, out of which this letter of credit was to be paid ?

A. I think that no inquiry was made ; as far as I remember I asked Mr. Machin why the letter was made to mature on or about the tenth day of July, and not earlier in the month and he said at that time that he wished to be in funds through the subsidy from the Dominion Government, before the letter of credit had matured.

Q. What happened next ?

A. That is all that I remember at that interview.

Q. Up to this time Mr. Langelier's connection with the matter, so far as you are concerned, was his calling at the bank to endorse the letter of credit ?

A. His calling at the bank was the day following my interview with Mr. Machin.

Q. I do not think you have given the date of your interview with Mr. Machin.

A. I think it was the evening of the day that the letter of credit was issued.

Q. Would that be the 28th of April ?

A. I have no memorandum relating to the letter of credit so I could not speak definitely.

Q. You may state now what followed next ?

A. The letter was submitted to our solicitors.

Q. Let me ask you whether Mr. Pacaud was present at the department when you were there.

A. I think Mr. Pacaud was in the corridor, but I won't be positive. He was not in Mr. Machin's office.

Q. Proceed to the next day, please ?

A. The matter was submitted to our solicitors, and I obtained a copy of the Order in Council to submit to them.

Q. By what means did you obtain a copy of the Order in Council ?

A. I think it was through application to the treasury department.

Q. Have you a copy of the letter with you ?

A. I have a copy of the letter addressed to Mr. Machin, the assistant treasurer.

Q. Read it, please ?

A. I stated that Pacaud had presented those cheques.

Q. What cheques ?

A. Five cheques of twenty thousand dollars each, signed by J. C. Langelier, Commissioner, in favor of C. N. Armstrong.

Q. And endorsed by whom ?

A. C. N. Armstrong and Ernest Pacaud.

Q. Are the five cheques now shown you the cheques of which you speak.

A. They are.

Q. The cheques offered in evidence and marked " 32a, 32b, 32c, 32d and 32e " ?

A. Yes, Sir.

Q. Did the endorsation of Mr. Pacaud and Mr. Vallière which is now written on Exhibits o. 32a and 32b then appear upon their backs ?

A. No, Sir.

Q. At that moment was the letter of credit in your possession, at the moment of the presentation of these cheques ?

A. Yes.

Q. Had it then been endorsed by Mr. Langelier ?

A. Yes, Sir, I believe so. I think the endorsation was obtained before the cheques were presented.

Q. Up to this moment had any specific statement been made from Mr. Langelier as to whether the amount had been placed to his credit or not ?

A. No, not up to that date.

Q. What had your statement to him been limited to ?

A. Simply that I would be obliged to submit it to the board before I could say whether it would go to his credit or not.

Q. When these five cheques were tendered to you by Mr. Pacaud what took place. Did you make any enquiries as to the letter of credit or did he volunteer any information.

A. He explained how a portion of the money—the proceeds of this letter of credit—would be applied. That a portion of it would remain in the bank to his credit and a portion as I believe to retire notes that were current with the Union Bank as well as some other banks.

Q. Well, then ?

A. I submitted this fact to the board that a portion of the proceeds of this letter of credit was to go to Mr. Pacaud—that he was to allow it to remain on deposit for a time at the bank, and that a portion of it was to retire notes that were current at the Union Bank and other banks in the City, and on this information the board decided that they would not discount the letter of credit.

Q. Will you state a little more fully what was the leading factor, when the information was given you by him, which led the board to this refusal.

Q. That the funds were not to be applied in the manner indicated in the Order-in-Council ?

Q. When did this meeting of the board take place ?

A. I cannot give the date. It was an informal meeting of the board.

Q. Well what followed ?

A. They declined.

Q. At that interview, when Mr. Pacaud stated that he had liabilities to meet, was any information given to you as to the extent or direction of those liabilities?

A. He showed me a statement which as far as I remember was in pencil on a sheet of paper showing some notes that were maturing. I don't remember exactly the amount but I think in the vicinity of perhaps twenty or thirty thousand dollars (\$20,000.00 or \$30,000.00.)

Q. Were there any names which appeared upon the document?

A. I think not: I could not speak positively as to that.

Q. Twenty or thirty thousand dollars?

A. I think it would be in that vicinity.

Q. At what banks were these liabilities maturing?

A. I think some were at the Union Bank, some at the People's and some at the National, as far as I remember.

Q. The meeting of your board of directors having taken place, when next did you see Mr. Pacaud?

A. He came in shortly after that. I presume that it was on the same day and I told him that it was decided not to discount the letter of credit.

Q. Did you state any reason?

A. I think not.

Q. Neither then nor later?

A. Not that I remember.

Q. Was he alone or with others?

A. He was alone I think.

Q. I might put this general question to you at once. Apart from the interviews of which you have spoken as having taken place with Mr. Langelier, did you ever see him again in connection with the transaction?

A. No I think not.

Q. You contented yourself as far as Mr. Pacaud was concerned with simply stating that the bank had refused the transaction?

A. Yes Sir.

Q. What followed?

A. He afterwards asked if we would discount his note if endorsed.

Q. At the same interview?

A. Well I would not speak positively, I think that it was at a later interview, if we would discount his note endorsed by Mr. P. Vallière, and attached to one of these cheques.

Q. Who was with him if any one on that occasion?

A. I think that he was alone.

Q. Can you state whether or no Mr. Vallière attended your bank on any occasion in connection with that transaction?

A. He was on one occasion with Mr. Pacaud, but I think it was in reference to obtaining a letter from the Bank to the Banque Nationale which I will file a copy of.

Q. In your Senate examination Mr. Webb you make Mr. Vallière to be present when Mr. Pacaud requested a discount upon the security of Mr. Vallière's name.

A. He may have been present but I could not speak positively.

Q. You stated in your examination " it may have been the next day that he came in with Mr. Vallière and negotiated a discount for his note for twenty thousand dollars with one of those five cheques attached " ?

A. He may have been present, I really do not remember.

Q. What did Mr. Pacaud say when you informed him that the bank refused to discount the letter of credit ?

A. I don't remember that he made any reply.

Q. He expressed neither surprise nor disappointment ?

A. I do not remember anything that he said at the time.

Q. I am not sure at the moment whether you stated any other proposition that Mr. Pacaud made ?

A. The proposition was what I just stated, viz : asking if the Bank would discount his note endorsed by Mr. P. Vallière for twenty thousand dollars with one of these cheques attached.

Q. It was refused ?

A. It was refused.

Q. Did any alternative follow ?

A. The next proposition was asking the Bank to give him a letter of credit in some way guaranteeing the payment of those cheques when the letter of credit matured. I told him that could not be done but I would give him a letter similar to the copy which I have here.

Q. That you would give him a letter for what purpose ?

A. Stating that so soon as the letter of credit had been paid by the Government and placed to the credit of J. C. Langelier, Commissioner, that I would accept his cheque against the amount.

Q. Did you in accordance with the proposition issue any letters of the kind ?

A. Yes Sir.

Q. Will you produce copies of them ?

A. I produce copy of letter addressed to Mr. Vallière dated May the sixth and which is filed as **Exhibit number 33**. Another to Mr. Bousquet, cashier of the *Banque du Peuple*, Montreal, dated May the sixteenth of which **Exhibit number 34** is a copy, I also gave him a letter similar to the one of the sixth of May to use at the Peoples Bank. I have not a copy of that but it was precisely similar to the other one.

Q. The Peoples Bank of Quebec ?

A. The Peoples Bank of Quebec.

Q. These letters are all in the same terms ?

A. The one addressed to Mr. Bousquet, of the Peoples Bank of Montreal is different I think.

Q. Read one of them ?

UNION BANK OF CANADA,

QUEBEC, May the 6th 1891.

J. VALLIERE, ESQ.,

Sir.

This is to advise you that we will pay the cheque of J. C. Langelier for twenty thousand dollars drawn on this Bank in favor of C. N. Armstrong and endorsed by him and you, when

the amount mentioned in Mr. Garneau's letter is paid by the Government and placed to the credit of the said J. C. Langelier, Commissionner, with this bank."

Yours truly,
E. E. WEBB.

Q. What, if any, other correspondence issued from your bank?

A. There was a letter to Mr. Bousquet of which I have spoken, I have already filed and the other letter—was similar to the one addressed to Mr. Valliere for use in the People's Bank, in Quebec.

Q. Did you address any communication to Mr. Langelier, and if so produce a copy of:

A. I addressed a letter to J. C. Langelier, dated May the sixteenth of which a copy filed as **Exhibit No. 35** to the following effect :

UNION BANK OF CANADA,

QUEBEC, May 16th.

J. C. LANGELIER, Esq.,

Quebec.

Dear Sir,

This is to advise you that we hold a letter from Mr. Garneau, as acting Provincial Treasurer and Prime Minister *ad interim*, dated April the sixteenth, eighteen hundred and ninety-one (1891) for collection on that date.

Yours truly,
E. E. WEBB,
Cashier of the Union Bank

Q. What was the object and meaning of this letter?

A. It was simply to advise the commissioner that we had not discounted the letter credit.

Q. Why should you consider information of that kind necessary? I understand that you have stated that the limit of your reply to him had been, that you would submit it to the board?

A. Yes, it was thought advisable by our solicitor that I should advise him that the letter had not been placed to his credit.

Q. What, if any, reason up to that moment had he so far as you were concerned, believed that the letters of credit had been discounted by you?

A. None.

Q. Then why write this letter?

A. It was considered that it would be a protection to the bank, having endorsed the letter and no reply having been given him by the board, it was thought advisable that I should write him to that effect, there was no other reason why the letter was written.

Q. What happened next?

A. I think that was all that I remember in connection with the transaction.

Q. Something more must have followed, Mr. Webb ?

A. The day before the letter matured, on the ninth of July I believe it was, I telephoned Mr. Machin and asked him if I should send up the letter of credit for payment, and his reply was, that if I would send it up that he thought it would be paid on the following day.

Q. Well.....

A. I sent up the letter and the department sent down a cheque on the following day.

Q. For how much ?

A. Two cheques amounting in all to one hundred thousand dollars (\$100,000.00.)

Q. Two cheques ?

A. Yes, amounting in all to one hundred thousand dollars.

Q. Having received the cheques what did you do with the letter of credit ?

A. Returned it to the department. This is simply a statement of the two cheques which were made payable for one hundred thousand dollars (\$100,000.00) "cheque on Bank of Montreal for eighty two thousand eight hundred and seventy-eight dollars and fifty-six cents (\$82,878.56) and on the Union Bank seventeen thousand one hundred and twenty one dollars and forty four cents (\$17,121.44.)"

Q. Having received this money from the Government, what did you do with it? How did you treat it ?

A. We placed it to the credit of Mr. J. C. Langelier, Commissioner, and charged up for five cheques against the account, one of which was held by the Banque Nationale, and one by the Peoples Bank and three were on collection on account of Mr. Pacaud by the Union Bank.

Q. Produce a statement of this matter ?

Hon. Mr. Irvine :—

May I ask whose account it is that he is to produce ?

Hon. Mr. Justice Davidson :—

I was just about to send it down to you.

By Mr. Béique :—

Q. Was the other statement produced ?

A. I have not produced it yet, it is here.

The account of J. C. Langelier, Commissioner is filed and marked as **Exhibit No. 36.**

By Hon. Mr. Justice Davidson :—

Q. What was the interest, five hundred and thirty four dollars and twenty five cents (\$54.25) which I see credited in this account ?

A. That was interest which the receipt bore from the first of June at five per cent until paid, I should say which the letter of credit bore.

Q. This account shows a balance to the credit of Mr. Pacaud of a like amount, is it with you ?

A. Mr. Langelier's you mean ?

Q. Yes, is it still with you ?

A. It is still there.

Q. Can you point out the cheque which was discounted at the Peoples Bank, that

which was discounted at the Banque Nationale, and those three cheques which deposited with you for collection?

A. "Number thirty two A" was the cheque deposited with the Peoples Bank, "two B" with the Banque Nationale, and "thirty two C, thirty two D, and thirty two E" were on collection at the Union Bank.

Q. I suppose you are able to identify the Peoples Bank cheque and the Banque Nationale's cheque by the endorsement of Mr. Vallière's on the back and the bank stamps?

A. Yes Sir.

Q. By whom were these two cheques discounted by the Banque Nationale and the Peoples Bank presented?

A. They were presented by the respective banks.

Q. Presented by the banks and duly certified and cashed on presentation?

A. Yes, Sir.

Q. When did Mr. Pacaud present his three cheques?

A. They were left sometime previous to the maturity of the letter of credit in our hands and charged up the day that the letter of credit matured.

Q. Had you any connection with the subsequent disposal by Mr. Pacaud of the twenty thousand dollars (\$20,000.00) so to be collected in his behalf?

A. The money was drawn out by his cheques, and on his own behalf.

Q. But before that?

A. The cheques were placed to Mr. Pacaud's credit, the three cheques of twenty thousand dollars each.

Q. Mr. Pacaud had an account current at your Bank?

A. Yes.

Q. More than one?

A. Yes he had one account current, and one in the Savings Department.

Q. Can you show the entire credit of the subsequent disposal of this sum of twenty thousand dollars?

A. I can file a copy of Mr. Pacaud's account, also the Savings Bank account.

Q. This statement may be known as his ledger account?

A. Yes Sir.

Said ledger account is filed as **Exhibit No. 37**.

Q. Now the second account may be known as the Savings Bank account?

A. Yes Sir.

Said account is filed as **Exhibit No. 38**.

Yes Sir it is identical with number 37.

Q. Are you in a position to swear to what persons and for what purposes the cheques drawn by Mr. Pacaud against the ledger account were paid or applied?

A. Only some cheques—the one for twenty five thousand dollars (\$25,000.00)—the number 4 for twenty five thousand dollars (\$25,000.00) was transferred to Mr. Pacaud's Savings Bank account, and item five and item seven.....

Q. Is that the item which appears in the Savings Bank account number thirty eight?

A. Yes. Items five and seven for three thousand dollars (\$3,000.00) and five thousand dollars (\$5,000.00) respectively, were as far as can be traced, cheques given to retire the bank notes of Mr. Pacaud's similar to amounts maturing at the Union Bank.

Q. Items five and seven are three thousand dollars (\$3,000.00) and five thousand dollars (\$5,000.00); do your books show the three thousand dollars note as being made first?

A. The note of three thousand dollars was made by Ernest Pacaud, and endorsed by Mercier and others, dated April the first at four months date, maturing August the first and paid on the eleventh of July.

Q. You stated that the endorsers were Mr. Mercier and others; what Mr. Mercier?

A. The Honourable Mr. Mercier.

Q. Who were the others?

A. Our books do not show who the others were, we have no means of ascertaining.

Q. By virtue of this payment, how many days before maturity was the note paid?

A. Twenty-four days.

Q. Twenty-four days?

A. Yes, Sir.

Q. Had this note been discounted in the ordinary course of business?

A. Yes, Sir.

Q. Was there any security held against it, except the endorsers' names?

A. It is possible that there was a cheque attached to it on account of Mr. Pacaud's Savings Bank account, but I cannot speak definitely; in getting discounts very often he attached his cheque against his Savings Bank account as security.

Q. Had there been any understanding between you and Mr. Pacaud, with reference to the application of any of this sixty thousand dollars to this maturing paper?

A. None.

Q. None, then this was a voluntary act on his part.

A. Yes, it was a voluntary act on his part.

Q. Not an act in any way imposed upon him by the bank?

A. No.

Q. What, if any, rebate did you make, rebate of interest, on account of this prepayment?

A. I do not think that there was any rebate of interest allowed but I could not speak positively.

Q. It may be as well to ask you at once, what were your charges for this transaction, with reference to the letter of credit?

A. We received nothing at all.

Q. You did it I suppose on behalf of a customer?

A. On behalf of a customer, yes.

Q. You made reference to item number "seven," cheque for five thousand dollars (\$5,000.00). you might speak more fully in detail with reference to that?

A. It was to retire a note of Ernest Pacaud's endorsed by the Honourable Mr. Mercier, M. L. Tarte, C. A. P. Pelletier and C. Langelier, dated the tenth of March at four months date, due July the thirteenth, and paid July the eleventh.

Q. Therefore paid two days before it matured?

A. Yes, two days before it matured.

Q. Do you know who the Pelletier is?

A. Senator Pelletier.

Q. And Langelier is one of the Ministers ?

A. One of the Ministers yes, Charles Langelier. Provincial Secretary.

Q. Can you give any information as to the cheque for eight thousand dollars (\$ item number six in the ledger account ?

A. No I cannot give any information with respect to it.

Q. No opinion as to any later drawings ?

A. No I have no means of tracing them.

Q. Were there any other notes charged to this account of Pacaud's ?

A. I think not, I think the balance was chequed out.

Q. Chequed out, then I understand you to say that you can give us no opinion as to application of the cheques or their proceeds, for seven thousand dollars, five thousand dollars, three thousand dollars, fifteen hundred dollars, one thousand dollars, five hundred dollars, five hundred dollars, one thousand dollars, two hundred and ten dollars, and hundred and eight dollars ?

A. No I have no means of saying.

Q. None of these sums of money, I understand you to say, went to the credit of any other account of Mr. Pacaud's or to the credit of any other account in your bank ?

A. No.

Q. As far as you are aware the money was drawn and taken away ?

A. Yes.

Q. Where are those cheques, have you any of them still in your possession ?

A. No they have been surrendered to Mr. Pacaud.

Q. All of them ?

A. Yes I think all of them have.

Q. Can you state at what date—have you a receipt for them ?

A. Yes sir ?

Q. Well is that the original ?

(*Witness here produces receipt.*)

A. No, a copy of the receipt, the original receipt is in the receipt book.

Q. On what date ?

A. The first receipts were given about the tenth of August—the reason that I cannot give the exact date is, that a receipt is given every month and the same form of receipt is at the head of the page, and they sign their names underneath it without giving the date.

Q. The receipt is dated ?

A. The receipt is for ninety-three cheques from February eighteen hundred and ninety-one, to July eighteen hundred and ninety-one, and twenty-six Savings Bank cheques from February the sixth eighteen hundred and ninety, to June eighteen hundred and ninety, signed Ernest Pacaud. I file copies of these receipts as **Exhibit No. 39.**

Q. Please read it ?

We hereby confirm the statement of our account with the Union Bank of Canada to the last day of July, 1891, as contained in our pass-book. We acknowledge receipt of cheques and vouchers to same date.

93 cheques February, 1891, to July, 1891.

26 cheques S. D. February, 1890, to June, 1891.

(Signed) ERNEST PACAUD.

We hereby confirm the statement of our account with the Union Bank of Canada to the last day of September, 1891, as contained in our pass-book. We acknowledge receipt of cheques and vouchers to same date.

(Signed) ERNEST PACAUD.

A. That especial form and statement was what was used in the Union Bank of Canada, on the last day of July eighteen hundred and ninety-one, to acknowledge receipts of cheques and vouchers of above date. The subsequent receipt

Q. What was the date of that receipt?

A. About the tenth of August one thousand eight hundred and ninety-one, another receipt was given about the ninth or tenth of October one thousand eight hundred and ninety-one, and that especial form and statement was used in the Union Bank of Canada, on the last day of September one thousand eight hundred and ninety-one to acknowledge receipt of cheques and vouchers of the same date.

Q. Who applied for these cheques? Are you aware?

A. Mr. Pacaud applied about the 10th of August. I don't know who applied in the second instance about October. I presume it was Mr. Pacaud, as it was signed by him.

Q. Both receipts are signed by Mr. Pacaud personally. What official of your Bank delivered up the cheques?

A. The ledger keeper, I presume.

Q. What is his name?

A. Mr. Shaw. It would either be the ledger keeper Harold Shaw or the accountant.

Q. What is the accountant's name.

A. Fred. Smith, the accountant.

Q. Would this withdrawing of cheques by Mr. Pacaud from your Bank be an ordinary practice of his or otherwise?

A. I do not know of his withdrawing them on any previous occasion, but I wont be certain.

Q. How long has he had an account carried at your bank, for how many years?

A. I think for a year or two.

Q. Referring to the promissory notes taken up by Mr. Pacaud, I notice that before the Senate Committee, at page sixty-seven, you swear as follows:

"Q. These are the different notes which were found, on searching your books, were paid out of these moneys."

"A. So far as I have been able to place them they are in the bank books with the cheques."

Before that Committee you were referred to five notes would you be good enough to explain why here you have limited your answer to only two?

A. The other notes were paid prior to the payment of this letter of credit, so that I did not connect them in any way with this investigation. My subpoena before the Senate to bring statements of notes endorsed by these different parties, but as these notes were prior to the maturity of the letter of credit, I could not connect them.

Q. The statement you made was that all these five notes were paid out of these moneys, the moneys that you were referring to being the proceeds of these three cheques of twenty-thousand dollars each, as I understand them to be. You notice that there are three notes of previous date, and I could not exactly understand

A. Yes I probably was speaking of moneys drawn on that account.

Q. Perhaps, you filed an account going back as far as the thirtieth of April?

A. Well I probably referred to moneys drawn in that account not specially to the sixty thousand dollars.

Q. Are you able to state in the absence of the cheques to whose order they were made?

A. No.

Q. Or by whom the moneys were drawn?

A. No.

Q. Nothing in your books will show other than a simple charging up of the cheques against Mr. Pacaud's account?

A. That is all.

Q. Is that same statement applicable to the Savings Bank account?

A. Yes.

Q. Reverting to the Savings Bank account exhibit number 38 have you any data in your bank which will enable you to tell in what manner the cheque for twenty five thousand dollars which exhausted that account was applied or to whom it was paid or by whom endorsed?

A. It was paid to Mr. Pacaud in bills at the bank in large notes.

Q. What size?

A. I could not give the size—hundreds, fifties and twenties, I presume.

Q. On August the tenth?

A. No, I think not; it was accepted on August the tenth, but not paid for some time after.

Q. On what date was it paid?

A. I could not give the date without again referring to the books. It was after Mr. Pacaud's return.

Q. Return from where?

A. From Europe.

Q. What was the date?

A. I have not got the date; I can give it by referring to the books.

Q. You will do so?

A. Yes, Sir.

Q. Has Mr. Pacaud withdrawn any cheques from your bank since the Senate investigation?

A. Yes Sir, the second receipt that I filed of the month of October.

Q. This month?

A. This month.

Q. If this cheque of twenty-five thousand dollars was not paid on August the tenth, why was it certified?

A. It was certified on that date.

Q. Do you know that it was certified so?

A. No sir I could not say.

Q. Have you any idea what the reason was ?

A. Probably Mr. Pacaud did not wish to have the amount lying to his credit in the Bank.

Q. Was it transferred to any other account that you know of ?

A. No sir.

Q. You have no knowledge of this matter ?

A. No sir, the cheque came in afterwards and was paid in bank bills.

Q. By whom was the cheque presented when certified, and by whom presented when paid ?

A. I think it was presented by Mr. Pacaud when paid, I cannot say by whom when certified.

Q. Was any statement made by him then why he wanted this amount of money in bills ?

A. Not that I know of ; no.

Q. Referring to the conversation at which Mr. Pacaud made some statement with respect to the purposes for which he was to apply the money, did he mention any sum that was to go to his own personal use ?

A. About fifty thousand dollars (\$50,000.00).

Q. And the balance to be applied in what way ?

A. A portion of it was to take up some notes that were at the different banks.

Q. Was this the only information he gave you ? You are expected to tell Mr. Webb all that you know that passed at this interview ?

A. As I remember it he said that a portion was to go to the Honourable Mr. Robidoux pay a debt that was due, or money that was owing Mr. Robidoux, I do not know by whom, and a portion to the Honourable Mr. Langelier ; the amount to go to the Honourable Mr. Robidoux was ten thousand dollars (\$10,000.00), and the amount to the Honourable Mr. Charles Langelier was ten or twenty thousand dollars, I am not positive which ; the reason that I have doubts about it, about the twenty thousand dollars, is, that this money Mr. Pacaud stated he would get a letter from Mr. Langelier undertaking that this money would remain with the Bank, until after the letter of credit was paid, and that the deposit was to be twenty thousand dollars, but whether that deposit included the ten thousand dollars for the Honourable Mr. Robidoux, I am not positive.

Q. Well.....

A. That is all.

Q. Any names mentioned ?

A. No names mentioned.

Q. Was there any statement made as to why this money was to be paid to either of these gentlemen ?

A. Only that the ten thousand dollars to be paid Mr. Robidoux was in payment of an account due him or owing to him, that is all.

Q. Were these sums included in the fifty thousand dollars (\$50,000.00) which Pacaud made reference to as being for himself, or in the balance that he stated that he immediately needed ?

A. I think that they were included in the balance.

Q. Now, have you stated all that took place, and all the information that you received from Mr. Pacaud with respect to the disposal of this money ?

A. I believe so.

By Mr. John S. Hall :—

Q. Mr. Webb, can you precise the date when Mr. Pacaud first spoke to you about counting a letter of credit of \$175,000 ?

A. No, I do not remember the date.

Q. How long was it before you went up to the Parliament Buildings ?

A. It may have been a week before ? I would not be positive as to the date.

Q. Did he tell you that he was going to get a letter of credit for that amount ?

A. I believe so.

Q. Where did that conversation take place ?

A. In my office in the Union Bank.

Q. Do you recollect who was with Mr. Pacaud on that occasion ?

A. I think he was alone.

Q. Are you sure ?

A. I think so. I don't remember anybody being with him.

Q. And you told him then that you would see about it ?

A. Yes.

Q. And I believe after that you saw Mr. Lafrance or somebody connected with Banque Nationale ?

A. Yes.

Q. What did you say to Mr. Lafrance or Mr. Gaboury ?

A. I asked him if he would take a portion of the letter of credit, amounting to \$75 and he said that it could be arranged satisfactorily, that he thought they would.

Q. How long after that conversation did you see Mr. Pacaud again ?

A. Probably the same day.

Q. Did you tell Mr. Pacaud that you would see Mr. Lafrance and see whether he would take a portion of the discount ?

A. I presume so, yes.

Q. Did Mr. Pacaud go to the Banque Nationale with you ?

A. He was there on one occasion with me.

Q. I mean on this occasion when you spoke to Mr. Lafrance first ?

A. No, I think not.

Q. Was he waiting at the Union Bank until you returned ?

A. No, I think not. He called at the Union Bank afterwards and I told him I had seen Mr. Lafrance.

Q. Mr. Pacaud was very anxious to have this discount go through ?

A. Yes.

Q. On that occasion, it being a large amount, did you ask him what he wanted money for ?

A. I presume I asked him how he would require it and on what dates he would require to draw it, or something to that effect.

Q. Was it on that day he showed you this memorandum of what he had to pay ?

A. It may have been that day or subsequently.

Q. I am only presuming, Mr. Webb, that, as this was a large amount, you would naturally enquire as to what it was for ?

A. He was in at so many different times, that I cannot fix the dates or remember what transpired each time.

Q. I want to know whether it was at the first interview you had the conversation with him as to what was to be done with the money ?

A. I think possibly at a subsequent interview.

Q. Then, after you had seen Mr. Lafrance, you told Mr. Pacaud that as the Banque Nationale would take \$75,000 you would submit the other to your board ?

A. Yes.

Q. You do not recollect the date that this was submitted to your board ?

A. No, it was only an informal meeting of the Board and I have no record of it.

Q. After you had this interview with Mr Lafrance, did you make any enquiries at the Department about the issuing of these letters of credit ?

A. I wrote a letter asking for a copy of the Order in Council to submit to our solicitor.

Q. That was sometime after, Mr. Webb. That letter is dated 30th April. Then, after you had seen Mr. Lafrance and Mr. Pacaud again, did you tell him to get the letters of credit divided and have one for \$100,000 and one for \$75,000 ?

A. I told him I thought from my interview with Mr. Lafrance that probably it might be arranged in that way ; as I remember it, the letter of credit was first shown me by Mr. Machin as drawn for \$175,000, and I told him there had been an arrangement by which the letter would be divided and he had it divided into one of \$100,000 and one of \$75,000.

Q. How many times did you see Mr. Machin about that ?

A. I think I was there twice.

Q. On the first occasion, the letter that you saw was for \$175,000.

A. On the first occasion the letter was for \$175,000.

Q. Was that signed by the Honourable Mr. Garneau ?

A. I dont know whether it was signed, or simply ready to be signed.

Q. And you told Mr. Machin that you wanted that divided into two, one for \$100,000 and one for \$75,000 ?

A. Yes.

Q. Did you have any conversation with Mr. Machin as to how the funds were to be provided to meet these letters of credit ?

A. He explained at our conversation.

Q. We are speaking of the first interview and of the division of the letter of credit ?

A. It may have been at that interview, or a subsequent interview that he said the reason for making the letter of credit mature on the 10th July was that he was sure to be in funds from the Dominion Subsidy.

Q. I suppose it was after you saw Mr. Machin about dividing the letter of credit, that you saw the board of directors ?

A. It was after, yes.

Q. Then, Mr. Pacaud came in again, do you recollect, to your bank ?

A. Yes.

Q. Who was with him on that occasion ?

A. I think he was alone on each.

Q. On that occasion ?

A. Yes.

Q. You communicated to him then that the board of directors declined to carry it out ?

A. Yes the first time he came into the bank, after the meeting of the board of directors I advised him that the board of directors declined to carry it out.

Q. Had you the letter of credit for \$100,000 in your possession ?

A. Yes.

Q. And you submitted it to the board of directors at an informal meeting ?

A. I believe so.

Q. And you received this letter of credit from Mr. Pacaud ?

A. I cannot speak positively about receiving the letter of credit ; it may have been received from Mr. Machin.

Q. After you told Mr. Pacaud that the board of directors would not undertake the matter, you handed this letter of credit to Mr. Pacaud ?

A. I believe so.

Q. Well, it went out of the bank's possession ?

A. Yes.

Q. Then, when did you see the letter of credit again ?

A. I think he brought it in in a day or two.

Q. Afterwards ?

A. Yes.

A. Did he press you again to discount it ?

A. I think not.

Q. Did he not ask you again to put it to his credit ?

A. I don't remember what took place when he came back.

Q. When he came in again with the letter of credit, he left the letter of credit with you ?

A. Yes.

Q. And I think you stated before the Senate Committee, that it was at that time that he asked you to discount the cheques of J. Chrysostome Langelier which were drawn against this letter of credit ?

A. That, or subsequent to that.

Q. The first time this letter of credit was given to you, I understand, it was endorsed by J. Chrysostome Langelier ?

A. No, I think it is very likely the first time the letter of credit was handed to me, it was not endorsed, because Mr. Langelier came into the bank—he says he did not bring in the letter of credit, and I am not sure as to how he received it—he endorsed it.

Q. Mr. J. Chrysostome Langelier knew the letter of credit was there ?

A. Yes.

Q. You did not tell him ?

A. No.

Q. He came in to endorse the letter of credit ?

A. Yes.

Q. Do you recollect the date of that ?

A. No, I have no remembrance of the dates.

Q. Then it was only on the 29th April that you wrote to Mr. Machin asking for copies of the Orders-in-Council ?

A. Yes.

Q. And on the 28th you got them back?

A. Yes.

Q. Then, it was only on the 6th May you wrote the letter to Mr. Vallière and others, stating that you would hold the letter for collection, and pay the amount as soon as you would be paid by the Government?

A. On the 6th of May and subsequently. The first letter was written on the 6th of May.

Q. And the others on the 16th?

A. One of the others on the 16th. I have not the date of the third one, it went to the Peoples Bank.

Q. Mr. Webb, Mr. Pacaud had asked you to discount this note endorsed by Mr. Vallière, for \$20,000?

A. Yes.

Q. That you had declined also?

A. Yes.

Q. Did he ask you to discount the other note made by Mr. Vallière or endorsed by Mr. Vallière and endorsed by Mr. Pacaud?

A. I think he just made the application once and it was declined. The notes were not drawn at the time the application was made.

Q. Then, it was that Mr. Pacaud asked you to give this letter to Mr. Vallière and the other letter subsequently to the Banque du Peuple?

A. He asked me on the day on which Mr. Vallière was present to give a letter to Mr. Vallière, but that was the one to be discounted by the Banque Nationale. The letter to Mr. Bousquet was, at a subsequent date, the 16th May, if I remember it.

Q. If I understand the letter of credit which came into your Bank and which you subsequently held for collection, was dated on the 28th April 1891?

A. I presume so; that is correct.

Q. And it was for the payment of \$100,000 on or about the 10th July 1891, with interest at 5% from the 1st June then next; that would be interest from 1st June 1891?

A. Yes.

Q. And you subsequently, on the 10th July, got from the Treasury Department two cheques, as you have stated, one for \$82,878.56 and \$17,121.44, and that was all the money you received on the letter of credit, and then you handed it back to the Treasury Department.

A. There was also a cheque for the interest for \$534.25 making the 5% interest on the letter of credit?

Q. That is, besides the two cheques then you got an additional cheque for \$534.35?

A. Yes.

Q. And you are sure you handed the letter of credit back to the Treasury Department are you Mr. Webb?

A. Yes, either to their messenger, or it was sent back.

Q. With reference to the date when these cheques were surrendered to Mr. Pacaud, do you recollect that an investigation in connection with some Bill respecting the Baie des Chaleurs Railway was then going on before the Senate at Ottawa?

A. Yes.

Q. And what did Mr. Pacaud say at the time with reference to obtaining these cheques, do you recollect ?

A. He simply said he was withdrawing his cheques.

Q. For what purpose ?

A. He did not say. I simply saw him as I was passing from my office to the outer office in the bank ; that is all he said.

Q. Did he say he was going to Ottawa to attend the investigation ?

A. Yes, I believe he said he was going to Ottawa to give full information before the Senate Committee.

Q. I think at that time you knew it was reported in the papers that he had been summoned to appear before the committee at Ottawa ?

A. I believe so.

Q. Mr. Webb, you knew, I think, from Mr. Pacaud, that an Order in Council had been passed with reference to this Baie des Chaleurs Railway ?

A. I understood so.

Q. One of the first things he told you was that the Order in Council had been passed ?

A. I don't remember him saying so, but I presume he did.

Q. Did he tell you he was having some difficulty in getting the letters of credit ?

A. Yes, he said there was a good deal of delay in getting the letters of credit.

Q. Did he say with whom the delay was ?

A. Mr. Garneau, I believe.

Q. He said Mr. Garneau objected and refused to sign the letters of credit ?

A. Was delaying the issue.

Q. Did he tell you he was pressing Mr. Garneau. I want to know all you know about it ?

A. Yes, he was urging Mr. Garneau to have the letters put through as soon as possible.

Q. Did he tell you in what way he was urging Mr. Garneau ?

A. He said that he had advised Mr. Garneau that if the letter was not signed, I think it was on that day, that he would cable to Mr. Mercier who was in Paris, and that Mr. Garneau said he would have the letter put through.

Q. That is, he said he had threatened Mr. Garneau that if the letters of credit were not signed, he would have to cable Mr. Mercier ?

A. Yes.

Q. Did he tell you in what sense he would cable Mr. Mercier ?

A. I think not. That is all he said. He may have said that he would cable Mr. Mercier to come out, but I would not be positive.

Q. Then Mr. Pacaud showed a good deal of desire to have these letters signed and discounted ?

A. Yes.

Q. In fact he was in the bank daily ?

A. Yes.

Q. Did you see Mr. Robidoux in the bank with him at any time ?

A. No.

Q. Was Mr. Charles Langelier there ?

A. I don't think so. I don't remember.

Q. Was Mr. Duhamel ?

A. No.

Q. Now, when you went up to the Parliament Buildings, who did you go up with, do you recollect?

A. No, I do not remember.

Q. Do you recollect into what office you first went?

A. I presume I went to Mr. Machin's office.

Q. Did you not meet Mr. Pacaud at the buildings the first day you went up to see Mr. Machin?

A. I think he was in the buildings, but he was not in Mr. Machin's office.

Q. But you saw him there before you went to Mr. Machin's office?

A. I would not be positive. I may have seen him.

Q. But you say Mr. Pacaud did not go in there when you were there?

A. No.

Q. Was Mr. Duhamel there?

Q. Yes?

Q. Did you see Mr. Garneau at all when you went up to the buildings?

A. I think I saw him. I don't say I saw him to speak to him; I don't think I had any interview with him.

Q. Do you recollect who suggested your going to the Parliament Buildings?

A. I think it was Mr. Pacaud.

Q. When you went up there, you did not go into Mr. J. Chrysostôme Langelier's office?

A. No.

Q. You did not see him?

A. No.

Q. Now, you had your interview in Mr. Machin's office, and who else was present besides Mr. Machin, yourself and Mr. Duhamel?

A. Mr. Thom was there.

Q. That is Mr. Thom whose name is mentioned in connection with this investigation, and whose name is mentioned in the Order-in-Council?

A. Yes. I may state that I don't think these gentlemen were present when Mr. Machin stated about the maturing of the letter of credit.

Q. But this day when you went up to the Parliament Buildings at the suggestion of Mr. Pacaud, when you went into Mr. Machin's office, you met there Mr. Duhamel and Mr. Thom?

A. Mr. Duhamel and Mr. Thom; they were there either when I went in, or they came subsequently.

Q. And it was with reference to the getting the letters of credit signed?

A. I could not say what they were there for. I went up, as far as I remember, to see that the letter was drawn in a way that would be satisfactory to the bank.

Q. Do you recollect whether the letter of credit for \$100,000 was signed while you were there in the office?

A. I think it was.

Q. And Mr. Thom and Mr. Duhamel were present?

A. It would not have been signed in Mr. Machin's office. It would have been signed in Mr. Garneau's office.

Q. But it was at that time?

A. Yes, I think so.

Q. Did you see it signed yourself?

A. No.

Q. Did you get any other memorandum from Mr. Machin at the time of the signing of this letter of credit of \$100,000 other than these Orders in Council?

A. I think I received, as I remember it, a letter from Mr. Machin asking me to sign it for him when this amount had been placed to the credit of the Commissioner.

Q. Have you got that letter there?

A. I have not a copy of it here. Probably the original was filed in the investigation before the Senate.

Q. Do you recollect what hour of the day it was that you were in Mr. Machin's office?

A. The last interview—

Q. The first time, when you saw these other gentlemen there?

A. That was the last time I was in Mr. Machin's office—when these gentlemen were present. I don't remember the time. It was late in the afternoon.

Q. That was about six o'clock in the afternoon?

A. Between five and six.

Q. And that was the second time you were in Mr. Machin's office. How long after the first time you were there?

A. I don't remember about the first interview.

Q. The first time you went up, do you recollect whom you saw in the Patent Office Buildings?

A. I don't think I saw any one excepting Mr. Machin. I don't remember.

Q. I believe you know Mr. Armstrong, the railway contractor?

A. Yes.

Q. You saw him on one occasion?

A. I saw him on one occasion, yes.

Q. That was the second time you were there?

A. That was the second time.

Q. He was out in the corridor?

A. Yes.

Q. Was he in Mr. Machin's office with you?

A. I don't remember that he was.

Q. Was he in Mr. Garneau's office with you?

A. I don't think I was in Mr. Garneau's office? I may have been in the waiting room outside of his office, and I think Mr. Armstrong was there too.

Q. That was the first time you went up?

A. I could not state whether it was the first or not.

Q. When you came from the buildings were not Mr. Armstrong and Mr. Paca with you?

A. I think not.

Q. Then the second time you were up there, do you recollect what time it was when you left the buildings?

A. The second occasion it was late in the afternoon, as I said before, between five and six o'clock.

Q. And who came away from the buildings with you?

A. I think I came away alone, as far as I remember.

Q. How long after that, if you cannot precise the date, was it that Mr. Pacaud brought you the letter of credit for \$100,000, the first time?

A. I could not say that Mr. Pacaud brought me the letter of credit. It is possible that Mr. Machin may have handed it to me or sent it to me. I don't remember how I received it, but it was either that evening or I think the following day.

Q. Do you recollect whether it was sent to your house or sent to the office of the bank?

A. To the bank.

Q. When you left the Parliament Buildings did you go to your house or back to the bank?

A. I could not say. I may have gone back to the bank; very likely I did.

Q. Do you recollect what became of the other gentlemen, that is Mr. Pacaud, Mr. Armstrong, Mr. Duhamel, and Mr. Thom?

A. No, I do not remember. I think they were in the buildings when I left. I am not certain.

Q. Was Mr. Lafrance or Mr. Gaboury up there with you at any time?

A. Yes, the same day Mr. Lafrance and Mr. Gaboury were there I think when I left.

Q. I understood you to say, Mr. Webb, that Mr. Pacaud had this account with you for a number of years?

A. Well, I could not state positively, about a year I think from memory.

Q. Can you tell us whether he has been in the habit of bringing letters of credit issued by the Government, or by the various departments from time to time, to your bank, for discount?

A. I think he has brought letters of credit.

Q. On several occasions before?

A. I believe so.

Q. For large amounts?

A. Well, this is a question that does not come under the investigation. It is giving way the private affairs of the bank.

Q. There may be a moment when they cease to be private and become public?

A. I don't.....

Hon. Mr. Justice Jetté, addressing witness :—

Q. Has it anything to do with this investigation concerning the Baie des Chaleurs railway?

Witness :—

Nothing whatever. Any former letters of credit would have nothing to do with this.

Hon. Mr. Justice Davidson :—

We are of opinion, Mr. Hall, that the question is not relevant at the moment.

By Mr. Hall:—

Q. Mr. Webb, will you look at these five cheques which have been produced **Exhibits Nos. 32a, 32b, 32c, 32d, and 32e**, and tell us, if you can, when they were handed to you by Mr. Pacaud?

A. I have no means of telling when they were first handed to me.

Q. Can you give about the date?

A. It would be about the date of the issuing of the letter of credit.

Q. Do you recollect whether you had the letter of credit for \$100,000 when cheques were shown to you?

A. I think I had.

Q. At that time, I understand you to say, you had not undertaken in any way to the proceeds of this letter to the credit of Mr. J. Chrysostôme Langelier?

A. No.

Q. Had Mr. Chrysostôme Langelier in any way your permission or authority to these cheques and draw them on your bank?

A. No.

Q. Did he, at any time, ever make you aware that he was going to issue cheques on the bank?

A. No.

Q. I understand from you that the first two cheques, **Exhibits 32a and 32b**, were across the counter?

A. They came in on deposits from the Banque Nationale and the Banque du Peuple.

Q. And the other three?

A. Were left on collection with the Bank and placed to Mr. Pacaud's credit when

Q. Now, you have referred in your statements..... When Mr. Pacaud left these cheques, that is, **Exhibits 32c, 32d, and 32e**, with you, did he give you any letter or memorandum stating that they were there on collection?

A. No, I think not.

Q. Did you give him any memorandum or letter of that kind?

A. No, I think not.

Q. They were just left there at the bank with you?

A. Just on collection.

Q. Do you recollect the date they were left for collection?

A. Two of them were left some time after the letter of credit. I could not say long, and the third was brought in still later.

Q. See if you can precise the date when the two of them were left with you for collection. Was that after Mr. Pacaud had asked you to discount the note of Mr. Valliere or the note bearing Mr. Valliere's endorsement?

A. I could not say without referring to the books.

Q. And the one brought in still later was the one in connection with which you gave the letter to Mr. Bousquet of the Banque du Peuple at Montreal?

A. I believe that was the one.

Q. Mr. Pacaud told you he wanted to take it to Montreal to get it discounted there?

A. Yes.

Q. And for that purpose he would require that letter?

A. Yes.

Q. Did you have any further communication with the Banque du Peuple at Montreal?

A. No.

Q. Did you ever see Mr. Bousquet or the other officers of the bank yourself?

A. No.

Q. In the books of your bank, you have a memorandum showing the date on which the note was left for collection?

A. Yes, that is what I said.

Q. Be good enough to bring a memorandum of the dates on which the cheques Exhibits 32c, 32d, and 32e, were left. Do you recollect whether they were left with you or with one of the other officers of the bank?

A. I don't remember.

Q. Could you find that out?

A. I could not ascertain that. They may have been handed to me; it would only be from memory.

Q. Now, in your examination you have also spoken of two promissory notes, one of \$3,000 made by Mr. Pacaud and endorsed by Mr. Mercier and others. I suppose, of course, that you in your bank keep a liability ledger?

A. Yes.

Q. In that liability ledger, you enter the names of all parties who are responsible in any way to the bank?

A. Well, in this instance the names were only entered as in the other books. I looked through the books and I can only find the details I have given.

Q. Can you tell us, when Mr. Pacaud asked you for the discount of this note of \$3,000, what he told you it was for?

A. I could not say. He occasionally got discounts from us and the proceeds went to his credit. There was nothing special that I know.

Q. You do not recollect his making any remarks at that time?

A. I think not.

Q. Can you tell us whether that was a renewal note or not?

A. I can look in the books and see it.

Q. This note of \$3,000 being item 5 in your statement, Exhibit No. 37?

A. Yes.

Q. You might try and refresh your memory also, Mr. Webb, as to anything Mr. Pacaud may have said to you when he wanted the discount of the three thousand dollars, or the original note of which this is a renewal.

Now, coming to the note of \$5,000, item 7 of Exhibit 37, do you recollect Mr. Pacaud telling you what that was for?

A. No. There were several notes. He would bring in occasionally notes for discount and simply ask me to discount them and place the proceeds to his credit. I think in no instance did he tell me what the notes were for.

Q. And in no instance did you enquire?

A. No, I think not.

Q. Do you recollect whether this \$5,000 note was an original note or a renewal of a previous one?

A. I could not say without referring too.

Q. You might be able to get that?

A. Yes, I will.

Q. I understand that when Mr. Pacaud was talking to you about discounting the letter of credit, he spoke to you about a quantity of paper or liabilities then current at your bank?

A. At our bank and at other banks, I believe.

Q. Will you tell us about how much was current at your bank at that time, or under discount?

A. Probably between \$10,000 and \$20,000. I could not tell you.

Q. Have you got a list of that paper that was under discount then?

A. I have not got a list.

Q. Will you bring us a list of that paper under discount. You can get it from your liability ledger?

A. Yes.

Q. And I would also like to know from you whether these were renewals at that time. You might also take a memorandum of when these notes were retired and by whom. I understand you to say that Mr. Pacaud presented his cheque for that amount of \$25,000 on the 10th August 1891, and it was accepted by the bank?

A. Yes.

Q. On the Savings Bank Account?

A. It is dated in the statement. I don't remember.

Q. The 10th of August he presented a cheque for \$25,000?

A. Yes.

Q. Do you recollect how soon after that he went away to Europe?

A. Shortly after that; I don't remember the date.

Q. It was within a week?

A. Yes, I presume.

Q. Do you recollect when he returned from Europe?

A. I don't remember the date.

Q. Some time in October?

A. In September or October, yes.

Q. You don't remember the date yourself?

A. No, I don't remember the date.

Q. Don't you recollect whether he himself did not go into the bank and ask for a cheque of \$25,000?

A. I don't know. He did not come to me.

Q. After Mr. Pacaud returned, he went to the bank to see you?

A. He did not come to me with the cheque for \$25,000; he simply got it cashed at the counter.

Q. Mr. Pacaud, I suppose, went into the bank to see you after he got back from Europe?

A. Yes.

Q. After that date he drew out some more cheques?

A. Yes.

Q. Did you have any conversation with him then with reference to the circumstances under which the \$100,000 letter of credit was placed in your bank?

A. I don't remember. He may have spoken about the investigation at Ottawa.

Q. He spoke about the investigation that had gone on at Ottawa, did he not?

A. I think very likely he did.

Q. Did he speak about the investigation that was to go on here?

A. He may have. I don't remember the conversation.

Q. Well, Mr. Webb, we are of course anxious to get all the information we can, so as to form a full opinion?

A. Well, he just came in casually, as I remember it.

Q. Can you tell us what he said to you when he came in?

A. I think he may have spoken about the withdrawal of the \$25,000.

Q. Well now, what did he tell you about the withdrawal of that \$25,000? What reason did he give you for withdrawing it?

A. I think his object for withdrawing it was that he thought it might be attached in the hands of the bank if it was not withdrawn.

Q. Attached by whom?

A. I don't know. By the result of this investigation before the Commission.

Q. So he wanted to put it away in some safe place where it could not be touched?

A. I presume that is it.

Q. I want to know whether he said something to you with reference to the circumstances under which the \$100,000 were placed in your bank in May prior?

A. I think not. I don't remember any reference to it at all.

Q. There was no reference in the conversation which took place then?

A. I don't remember that there was.

Q. Now, did he say anything with reference to the conversation or the meeting you had had at Mr. Machin's office?

A. No.

Q. None whatever?

A. No.

Q. Did he make any reference at all to the circumstances under which he had drawn out his cheque last Fall?

A. No.

Q. Did he make any reference to the fact that he had not been up before the Senate Committee enquiry?

A. No, I think not.

Q. Are you sure?

A. No, I think not; he did not refer to it at all, to any of these questions, as far as I remember.

Q. Did he not ask you for a copy of his account in the bank, or something of that kind?

A. No.

Q. Has he not asked you lately for that?

A. He may have left his books to be written up, but he has not asked me for a copy of his account.

Q. Then, I understand these cheques which were taken out about the 10th August last, were cheques from the 1st February prior?

A. I believe so. It is stated on the receipt.

At 1 o'clock the Commission adjourned till 2 p. m.

2 o'clock p. m., on the 20th day of October 1911

Mr. WEBB continues his deposition as follows :

By Mr. Hall :

Q. Mr. Webb, are you able to give that statement?

A. I have a statement.

Q. Were you able to get it yourself, so that you could verify it?

A. It is taken from the books of the bank.

Q. By yourself?

A. By the accountant. I could not get the statement of the different notes asked for, as it is being made out at the bank and will be sent up, but I got a statement.

Mr. Hall : addressing the Commission :

I think it is sufficiently important that he should do it himself, so that he can verify it as he is the witness under examination.

Do I understand that the Commission think that it would be better for **Mr. Webb** to make this examination himself?

Hon. Mr. Justice Davidson :—

Perhaps we had better go on and finish.

Mr. Hall :—

I am ready to go on with that part.

Hon. Mr. Justice Davidson :—

Well, why not go on with that part, and the witness could verify the dates after.

Mr. Hall :—

It might give rise to difficulty.

Hon. Mr. Justice Davidson :—

Not likely ; he can verify the dates and come back and swear to them.

By Mr. Hall :—

Q. With reference to the promissory note of \$3,000 which is item 5 of **Exhibit No. 1**, can you tell us now whether that was an original discount at its date on the 1st April, or whether it was a renewal ?

A. It was a renewal. The original amount was a draft drawn by Ernest Pacaud on Honourable Honoré Mercier dated the 27th February 1891, and endorsed by Charles Langelier at thirty days date, and the proceeds, \$2,978.00 placed to Mr. Pacaud's account. It was renewed on the 1st April 1891 at four months date, due August fourth 1891 and paid on July eleventh.

Q. That discount of \$3,000 then was to retire a draft of Mr. Pacaud's endorsed by Honoré Mercier and Mr. Langelier ?

A. Yes.

Q. That draft was accepted by Mr. Mercier ?

A. I believe so.

Q. Do you recollect where it was drawn upon him ?

A. I could not state positively. I think it was Montreal. I could ascertain.

Q. Have you been able to verify whether the \$5,000 promissory note which was paid in the item No. 7 of **Exhibit No. 37**, was an original note, or a renewal ?

A. It was a renewal of a note dated 28th February 1891, at two months date, signed by Ernest Pacaud, endorsed by Honourable H. Mercier, François Langelier and Charles Langelier ; I have not been able to verify it yet.

Q. Have you been able to verify whether the three cheques, exhibits Nos. 32 c, 32 d and 32 e, were placed in the Union Bank for collection ?

A. I have a statement which I have not verified, showing that two of the cheques for \$5,000 each, were deposited in the bank, for collection, on the 12th May ; the third, for \$5,000, on the 9th July last, but I have not verified the statement personally.

Q. Have you been able to verify what date the cheque drawn by Mr. Pacaud for \$5,000 on his Savings Bank Account, and charged up to his account on the 10th day of August, was actually paid by the Bank ?

A. I have it also on this statement, which I have not verified, showing that it was paid on the 29th September 1891, in large notes.

Q. Do you recollect the denomination of the notes ?

A. The statement shows 20's, 50's and 100's.

Q. Tell us how many of each ?

A. We could not verify it.

Q. They would be large bills ?

A. Large bills.

Q. Do you recollect how that cheque was endorsed ?

A. No, the cheque was not presented to me at all. It was simply handed to the teller to be cashed over the counter.

Q. It was the teller who cashed it ?

A. Yes.

Q. What is your teller's name ?

A. Mr. Laird.

Q. Is he in Quebec ?

A. Yes.

Q. When Mr. Pacaud came in October and drew the last of his cheques, did you have any conversation with him then as to his object in drawing these cheques ?

A. I don't think I saw him. I did not know he had drawn these cheques until the inquiry the other day, and from the evidence produced before the Commission.

Q. Since his return from Europe this month, have you not had some conversation with him about the withdrawal of these cheques ?

A. No.

Q. Have you had no conversation with him as to the object of his withdrawing them ?

A. No.

Q. Has he had any conversation at all with you about these cheques that were drawn ?

A. I think not.

Q. None whatever ?

A. No, I think not. You spoke of the cheques which he had issued and which gone into the bank ?

Q. No, I mean the cheques in connection with his Savings Bank Account, current account, which he had withdrawn.

A. I think there was no conversation, except what I stated this morning with reference to the \$25,000.

Q. Did he make any enquiry from the bank as to how these cheques were charged to him ?

A. I don't know. A clerk I believe from his office was in making enquiries, but it from the staff outside, getting dates and one thing and another.

Q. What conversation did you have with Mr. Pacaud quite recently in connection with the cheques ?

A. I don't remember any conversation excepting with reference to the cheque \$25,000 which I mentioned this morning.

Q. Did he ask you in any way whether the bank kept track of the persons to whom these cheques were paid ?

A. Yes, he asked if I could state if there was any way of ascertaining who these cheques were payable to, and I said no.

Q. Has the bank got any way of tracing who the cheques were paid to ?

A. Not after the cheques were surrendered.

Q. How long ago is it you had that conversation with Mr. Pacaud ?

A. Shortly after his return.

Q. Have you not had a conversation with him quite recently with reference to cheques, other than the one you have just mentioned ?

A. No, I think not. I remember nothing, anyway.

Q. And the only conversation with reference to the cheques was as to the way in which they could be traced through the bank as to whom they were paid ?

A. I believe that is the only conversation I had.

Q. And that was since his return from Europe this Fall ?

A. Yes.

Q. Now, Mr. Webb, did you make any enquiry at the Departmental Buildings with reference to any claims which were referred to in the Orders in Council under which the letters of credit of \$75,000 and \$100,000 were supposed to be payable ?

A. I believe our solicitor made enquiries. I did not personally.

Q. Did you get any memorandum of the claims which were to be paid under that Order in Council ?

A. I think I saw a memorandum in the hands of our solicitor.

Q. Do you recollect what the amount of those claims were ?

A. No, I don't remember. I did not examine it.

Q. Was it under \$100,000 ?

A. I did not examine it closely and I do not remember the names at all.

Q. Do you recollect whether any claim of C. N. Armstrong was mentioned in connection with them at all?

A. I think in the first statement that our solicitor received, if I remember right, the claim of C. N. Armstrong was omitted, but in a subsequent statement I think it was included. I speak only from what our solicitor told me in reference to it.

Q. You did not see the statement yourself?

A. I may have seen one statement, but I did not examine it. I don't know which it was.

Q. You, of course, were examined as a witness before the Senate Committee?

A. Yes.

Q. And there, I think, you deposited what is called a bordereau or something of that kind, showing certain bills deposited in the Union Bank by the Banque du Peuple on the 13th July 1891?

A. Yes.

Q. Now, will you look at the exhibit shown to you marked **Exhibit 40**, and state if that is a copy of the bordereau showing the bills of the Union Bank which were deposited with that bank by the Banque du Peuple on July 13th 1891?

Exhibit is handed to witness.

A. I presume this is a copy. I cannot certify to it. I will produce a certified copy.

Q. What does this exhibit which you have just produced, **Exhibit No 40**, actually mean?

A. I presume it is a copy of the bordereau we received from the Peoples Bank that morning, showing the Union Bank bills that they deposited with us and which they had received on the previous day.

Hon. Mr. Justice Davidson :—

That, is not a correct expression. If they deposited with you, it must be on a current account, current with you.

A. Yes.

Q. It was simply an exchange of bank notes for settlement of bank balances of the previous day?

A. No; all Union Bank bills which they would receive in deposits the previous day, they would deposit with us.

Q. This bordereau would not show that they were Union Bank bills?

A. Yes, it would.

Q. If they had an account current they could deposit any bills?

A. It is simply a statement of the bills they received the previous day of our bank.

Q. That is not an account current?

A. Certainly it is an account current, because it is not settled every day, because if it amounts to a large amount they draw a cheque against the balance, for the round amount, \$20,000 or \$30,000 and the balance runs to the end of the month.

Q. I take an account current to be that they would have a running business account with you?

A. They have a running business account with us, but only deposit cheques on us and draw on our bank and they draw out as they may have a balance.

By Mr. Hall :—

Q. This bordereau, **Exhibit No. 40**, shows that the bills which they deposited were bills of the Union Bank ?

A. Certainly.

Q. And there were on that day thirteen \$100 bills deposited with the Union Bank ?

A. I presume that is the statement.

Q. You say, Mr. Webb, that when you discounted these notes that you have been talking about in your examination, that he gave you at the same time a cheque on his Savings Bank Account ?

A. In very many instances he gave me a cheque on his Savings Bank account collateral.

Q. In every instance ?

A. I think not in every instance, but in many instances.

Q. Mr. Webb, in this account of J. Chrysostôme Langelier, you have charged him with interest, have you not ?

A. We have credited him with the interest.

Q. Have you not also charged him with the interest ?

A. That is the balance still remaining to the credit of the account.

Q. There is still at the credit of his account \$534.25 ?

A. Yes.

Q. Has that not been drawn out ?

A. I think not.

Q. **Exhibit No. 36** is shown to witness who says : I was under the impression that the amount was not withdrawn. It shows here to have been chequed out on the 29th September

Q. On the 29th September there was a cheque presented, signed by J. Chrysostôme Langelier for \$534.25 ?

A. Yes.

Q. Have you got that account ?

A. I have not got it here.

Q. If you have it, will you send it ?

A. Yes.

By Hon. Mr. Justice Davidson :—

Q. Mr. Webb, you have stated that Mr. Pacaud drew a cheque for \$25,000 certified against his Savings Bank account, on the 10th August, and had it cashed at a date some time subsequent, which you now fix as the 29th September and that the purpose of the action was to remove this sum of money from the danger of any possible seizure. What foundation have you for that belief ?

A. As I remember the conversation that Mr. Pacaud had when he returned, I think he stated that he would remove it for that reason, or he made it a question of whether the amount would be seized in the hands of the bank before it was drawn.

Q. By whom and for what purpose ?

A. I don't think he stated by whom, but I gathered that it would be from the result of is investigation.

Q. What investigation?

A. Before the Royal Commission.

Q. The letter of credit for \$100,000 came into your possession on the 28th or 29th of April, did it not?

A. I think so.

Q. And remained in your possession up to the moment that you declined its discount?

A. Yes.

Q. What became of it then?

A. As I remember, a day, perhaps a day or so after Mr. Pacaud asked me for the letter credit and took it away for a short time and brought it back to me. I believe his object was to see if he could get it discounted at some other bank.

Q. Whose property did you regard this letter of credit to be once you had refused it? came to you from the Government?

A. Yes, but it was a letter which could not be used for any purpose outside of the bank, because it was merely authorizing the Union Bank to make this advance. It was not a negotiable instrument and he could only use it as a sample letter that he might have a similar one drawn by the Treasurer. This letter could not be used by any one else, being addressed to the Union Bank.

Q. Was there any other letter subsequently given to you?

A. No.

Q. Had you consented to discount that letter, would you have required something else from the Treasurer?

A. What I mean to say is that Mr. Pacaud could not make use of this letter at any other bank. He could have shown them the letter.

Q. You attached no value to it?

A. I attached no value to it outside of the bank.

Q. Did it come to you from Mr. Pacaud?

A. I could not remember how I received the letter originally. I think not. Very likely it may have come from the Department, from Mr. Machin.

By Hon. Mr. Irvine:—

Q. Mr. Webb, I want you, if you please, to go back to the afternoon of the 28th April, the occasion when you were at the Treasury Department. If I understood you rightly, you said that Mr. Pacaud was somewhere in the buildings, as far as you could remember?

A. Yes, as I remember it.

Q. Do you recollect that afternoon when you were walking home, meeting Mr. Pacaud on Louis Street, driving in a cab, and coming in the direction of the buildings, and he stopped and spoke to you?

A. I remember of him stopping one day. I could not remember whether it was that afternoon or not.

Q. You might perhaps remember it better when I remind you that in addressing Mr. Pacaud, you said to him, pointing to your pocket "I got the letter of credit"?

A. I don't remember. I don't recall that. It is possible. It may be so.

Q. You think it is quite likely it may be so, but you do not remember ?

A. I don't remember it.

Q. You said in the commencement of your evidence, an inaccuracy which it is to correct at once, that these five cheques were endorsed by Mr. Pacaud. As a fact you made a mistake there. They were endorsed by Mr. C. N. Armstrong ?

A. They were made payable to Mr. C. N. Armstrong and endorsed by him.

Q. But there was no endorsement of Pacaud upon them ?

A. No, there was no endorsement of Pacaud upon them.

Q. Now, is it not the ordinary habit of customers of the bank to withdraw their cheques at stated periods ?

A. Yes, usually.

Q. It is the regular custom ?

A. Yes.

Q. So that there was nothing extraordinary or unusual in Mr. Pacaud withdrawing cheques from the bank ?

A. Nothing that I know of.

Q. You have stated that Mr. Pacaud told you—so I understood what you said he had told Mr. Garneau that unless this matter was brought to a conclusion would cable to Mr. Mercier ? Are you quite sure that is the way he put it ? not tell you, not that he told Mr. Garneau, but, if Mr. Garneau did not close the matter, he, Pacaud, would cable to Mr. Mercier ?

A. I understood he said that he had advised Mr. Garneau that if the letter signed soon he would cable to Mr. Mercier. Whether he told him or wrote a letter to that effect, I could not say, but, as I remember it, he had already advised Mr. Garneau

And further deponent saith not.

EDOUARD MOREAU, of Quebec, director of railways, in the Department of Public Works of the Province of Quebec, aged 57, being recalled, doth further depose and

By Mr. Casgrain :—

Mr. Moreau, have you the drafts of Mr. Thom's letters to Mr. Garneau bearing date the seventeenth April, eighteen hundred and ninety-one (1891) ?

A. I looked in the record number six hundred and forty-seven (647), which contains Order-in-Council No. 237 of the twenty-third April, eighteen hundred and ninety-one (1891), and which is dated the seventeenth April, eighteen hundred and ninety one (1891), and which has Mr. Thom's signature, addressed to the Honourable Mr. Garneau, Commissioner of Public Works and Premier *ad interim*, and containing proposals which Mr. Thom proposed on behalf of his associates to build the road. Subsequently, Mr. Thom's signature at the bottom of this document was struck out ; as you may observe, Your Honours, his signature was struck out. At present, on the back of this letter, in the handwriting of the Honourable Mr. Garneau, the word *null* is written.

Q. These documents were produced in the fyle number six hundred and forty-seven (647) ?

A. They were in the record, they were not produced.

Q. They were in the record which you had in your department ?

A. Yes.

Q. Are they all the drafts that you could find, either in record six hundred and forty-seven (647), or in any other record respecting the same matter ?

A. There is another letter which was also in the same record six hundred and forty-seven (647), and containing also proposals from Mr. Thom, but that letter is only a copy. I do not know what became of the original ; the original must have been kept by Mr. Thom, the copy which we have is not signed by Mr. Thom, it is simply marked "(signed) A. M. Thom," and is dated the twenty-first of April, eighteen hundred and ninety-one (1891), and is addressed to the Honourable Mr. Garneau, Commissioner of Public Works and Premier *ad interim*, and contains also certain proposals for the construction of the road in conformity with the Act 54 Vict.

Q. Have you this draft ?

A. On the back of this draft of Mr. Thom's is entered the following note in the Honourable Mr. Garneau's writing : "This project is not accepted."

Q. What is the date of that draft ?

A. The twenty-first April, eighteen hundred and ninety-one (1891).

Q. Are those all the drafts which you found ?

A. Those are all the drafts which I found.

Q. Those are the only ones ?

A. They are the only ones.

Q. Did you look for others ?

A. I made a full search.

Q. Now, will you state who prepared those letters ?

A. It must have been Mr. Thom.

Q. Do you know whether it was not some one else who prepared them ?

A. No. I have no knowledge of that.

Q. Have you the other documents which I asked you to produce ?

A. Yes, I have here the copy of the record number six hundred and forty-seven (647), which Your Honours ordered me to produce before them.

Q. What are the other documents which you have there ?

Q. Your Honours ordered me to produce before them a copy of the notes entered in the record six hundred and forty-seven (647) ; here is a copy with all the notes. I will remark to Your Honours that there are several notes made on this record as on the record number six hundred and fifty-three (653), which is also laid before you, which are for the special guidance of the chief of the office, which are not precisely of an official character, and which could not be produced before the Legislative Assembly unless under a special order, and which would not be produced upon an Order of the House or an Address voted by the House ; they are simply notes for the guidance of the chief of the office, to guide him in the matter.

Q. Now, since you were heard as a witness the other day, did you have any conversation with any one respecting these documents ?

A. I had no conversation other than to produce, before this court all the drafts which were not considered official, seeing that they were not signed or that the signature had been struck out.

Q. With whom did you have that conversation ?

A. With my chief, the Honourable Mr. Garneau.

Q. Now, was it upon the Honourable Mr. Garneau's order that you went to St. Hyacinthe, to Mr. Desmarais, member of the Legislative Assembly, on Saturday ?

A. You are mistaken, it was not I.

Q. It was not you ?

A. No.

Q. Do you know who it was ?

A. I am entirely ignorant of that mission.

Q. You state that you did not go to St. Hyacinth on Saturday nor on Sunday ?

A. I left St. Hyacinthe College in eighteen hundred and sixty-two (1862), and I have not returned to St. Hyacinthe since.

Q. You state that you were not in St. Hyacinthe on Saturday evening ?

A. Assuredly not.

Q. And you were not there on Sunday ?

A. Ah! No, still less so.

Q. Have you the drafts of the Orders in Council ?

A. No, Sir. Mr. Casgrain asked me, the other day, to produce a document which was mentioned in the record six hundred and forty-seven (647), and which was marked as being a draft report or legal opinion of Mr. Cannon, assistant attorney general, dated the twenty-fifth April, eighteen hundred and ninety-one (1891). Well, when all these papers were handed to me, they were handed to me in a bundle; I truly saw the document which was not signed, was full of erasures, with marginal notes, I just glanced at it, and having seen the last page, that "In the opinion of the undersigned, etc.," without reading the whole document, not having time, it appeared to me to be unimportant, I thought that it was a report of one of the law officers of the Crown, a draft report; but after reading it, carefully, I was convinced that it was a draft report to Council upon the transaction, which is dated the twentieth April, eighteen hundred and ninety-one (1891).

Q. Was it one of the Honourable Mr. Garneau's draft reports to Council ?

A. I do not know, it has no signature.

Q. But from your experience, and from what you saw, what was it ?

A. Well, it might have been an opinion of the Attorney General, the report might have been presented by the Attorney General, as it sometimes happens when legal questions are under consideration.

Q. Where were all the reports of the Honourable Mr. Garneau to the Council upon this matter prepared ?

A. I know nothing about them.

Q. In your department ?

A. They were not prepared to my knowledge.

Q. They were not prepared to your knowledge in your department ?

A. They may have been prepared in the department, but not in my office.

Q. To your knowledge ?

A. No. They were prepared in the department, but not in my office.

Q. Do you know the writing in the margin of this document, dated the twentieth April, eighteen hundred and ninety-one (1891) ?

A. I do not know the writing of the corrections made.

Q. The documents which are in that bundle which you held in your hand all the time

you were being examined this afternoon, you now file them in this cause as **Exhibit No. 41**, do you not?

A. Yes.

Q. Have you other copies or other documents?

A. I brought other dockets to complete the three dozen. Here, I made a list of which I have kept a duplicate, which I have signed; this is the heading: "Dockets of records deposited by the undersigned, with the original documents contained therein, before the Royal Commission, by the order of the Honourable Judges." I add also: "This makes altogether thirty-six dockets or envelopes of records; also four registers of correspondence of my office, Nos. 1, 2, 3 and 4." Here is the fourth.

Q. You deposit it?

A. Yes, with the copy of the docket of the record number six hundred and forty-seven (647).

By Mr. Bétique :—

Q. Mr. Moreau, you found the documents which you have just produced and which are marked number 41 as they are there, with the erasures which they bear?

A. Exactly in the same state.

Q. These erasures were made at the time?

A. At the time.

Q. As also the additions in pencil or in ink?

A. Exactly, nothing has been changed.

Q. Nothing has been changed since that date?

A. Since the twenty-third of April.

Q. Now, you have explained, I think, that the entry which you made on one of the dockets was erroneous and that it had no reference to a draft prepared by the Attorney General?

A. Very well.

Q. This entry should have stated that the document referred to a draft report to Council?

A. That is it.

Q. Amongst other erasures on one of these document forming the bundle produced under the number 41, are to be found these words, are they not, on the second page of the bundle: "It being understood, etc."?

A. Yes, I noticed that that clause was struck out.

By Hon. Mr. Justice Jetté :—

Q. Is that phrase in Mr. Thom's letter of the twenty-first of April?

A. It is in the letter of the twenty-first of April, Your Honour.

Q. And is that the chief difference or the only difference between that letter of the twenty-first of April and the letter of the seventeenth of April?

A. There are several other changes, additions, or erasures between that letter, which I compared, and the original of the letter of the seventeenth.

Q. Can you indicate to us, in a few words, what were the differences between the two proposals? This letter here was not accepted, I understand, by the Commissioner of Public Works?

A. No, it was set aside; it is marked on the back, in his writing, as follows: "This letter not accepted." One of the clauses which is in the letter of the twenty-first,

the very clause that Mr. Béique has just cited, "It being understood, etc," was struck out in the original of the letter.

Q. And is not in the letter of the seventeenth?

A. No. I also noticed that the last three paragraphs of the letter of the twenty-first were struck out of the original letter of the seventeenth; there are several other small additions and erasures in the drafting, but those are the most important additions, erasures or omissions between the two letters.

Q. Then, the letter of the twenty-first of April contained additional conditions which were rejected by the Commissioner of Public Works?

A. Exactly.

Q. Who wished to accept only the proposal of the seventeenth of April?

A. That is it. I desire to explain that the following note: "See under this cover dated the 28th April, 1891, which is the only official report of the law officers of the Crown to be laid before the House if papers are asked for in this matter.—Of the Honourable J. E. Robidoux, Attorney General, giving his opinion on the clauses and conditions of the bill in Council No. 237, of the 23rd April 1891," which I mentioned in my evidence on Saturday last, was not placed there under instructions from my chief; I placed that note there merely for my own information, and if I placed it: "the only report of the law officers of the Crown" that did not mean that I excluded or that I wanted to depreciate the previous reports which are produced in the record, previous to that of Mr. Cannon, assistant attorney general, and the other which bears the signature of the Honourable Charles Langelier for the Honourable J. E. Robidoux; but simply because the Attorney General, being the responsible officer of the Government, I placed that note simply for that reason, without wishing to exclude other reports.

By Mr. Casgrain : -

Q. How is it that you swore yesterday that it was upon an order from your chief that you placed that note there.

A. This is it. I did not place that note upon the record upon instructions of my chief, but I took a note of the matter, I took a note of what my chief said; but I did not place the entry upon the record upon his orders; I might have kept the thing in my memory, I placed the note there for my own convenience.

And further the deponent saith not.

HENRY TURNER MACHIN, of the city of Quebec, aged 58, being duly sworn according to the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. What is your departmental position?

A. I am Assistant Provincial Treasurer.

Q. You have held that position for some years?

A. Fourteen years.

Q. Who was the Treasurer of the Province or acting Treasurer of the Province on the 1st of March 1891?

A. It was Mr. Shehyn who was Treasurer.

Q. Are you aware that he left the country for Europe on departmental business about the 13th of March ?

A. I am.

Q. Who replaced him ?

A. The Honourable Mr. Boyer.

Q. Ad interim ?

A. Ad interim.

Q. For how long a time did Mr. Boyer act as Treasurer .

A. I think about a month. I can't tell distinctly.

Q. By reference ?

A. Oh, by reference I can.

Q. Do that, please. Who succeeded Mr. Boyer ?

A. The Honourable Mr. Garneau.

Q. Ad interim again ?

A. Ad interim, yes.

Q. Up to what time did he hold his temporary office ?

A. He acted until Mr. Shehyn's return.

Q. At what date ?

A. In the month of July.

Q. Fix that date also. Upon whom does the Treasurer rely to be made aware of any particular expenditures covered by a vote and that there are necessary funds to the credit of that vote ?

A. The Provincial Auditor.

Q. Who is he ?

A. Mr. Verret.

Q. Would that be any part of your duties ?

A. Not with reference to appropriations.

Q. How not with reference to appropriations ?

A. The Treasury law provides that the Provincial Auditor shall decide what appropriation a payment is to be made from.

Q. I suppose it is part of your duty in the course of business, if not in any part of the statute, to see that expenditures are kept within proper limits and on the proper authority ?

A. The recommendations made by the Auditor come before me for approval for payment, acting for the Treasurer.

Q. Does not the Treasurer make his first inquiry of you ?

A. He generally does.

Q. In that respect ?

A. Yes.

Q. And when he does, you expect and are expected to be in a position to inform him whether there is a vote and whether there is money to the credit of the vote ?

A. Yes.

Q. When was the very first time that you heard of the letters of credit in question, or whatever name you choose to designate them by ?

A. In the Hon. Mr. Garneau's office, when he spoke to me about giving the letter of credit.

Q. For what purpose ?

A. For the purpose of authorizing the Union Bank to advance funds to Mr. J. C. Langelier as commissioner upon it, under the Order-in-Council.

Q. Did he state the intended application of these moneys ?

A. For the payment of the claims of the Baie des Chaleurs Railway Company.

Q. Was any particular claim mentioned ?

A. The claim of the contractor was particularly mentioned.

Q. And what was the amount ?

A. My recollection is that the Hon. Mr. Garneau told me that the claim was a large one, amounting to nearly \$300,000, but that Mr. Armstrong had compromised with the Company for \$175,000. That is my recollection.

Q. What was the date of this first communication from your departmental chief ?

A. The exact date I can't give you, but it was about the 20th of April, I think, or somewhere there, but not when the conversation with reference to the contractor took place. That was a day or two after Mr. Garneau spoke to me about the Baie des Chaleurs claims to be paid under the Order-in-Council.

Q. Did he ask for any information or advice from you with reference to the capacity of the department as to this proposed expenditure ?

A. He did not ask me for any advice.

Q. I am not speaking as to the policy of the department, but as to the capacity of the department.

A. Yes. Mr. Garneau first sent for me and told me that there would be claims to be paid, for which there would be an Order-in-Council, and asked me if we were in funds to meet the payment, and I told Mr. Garneau that he had very large claims on the funds which were in hand, which were to be paid, and that if the amount was large, I did not think that the treasury was in a position to pay them. I asked him how much they were and he said the claims were about \$50,000, and then I asked him if all of the money would be required at once, and he said : probably not,—that perhaps \$25,000 could be paid, and I told him I thought perhaps we could provide that ; but afterwards Mr. Garneau told me that there was a larger claim which I have referred to.

Q. Was this before or after the Order-in-Council of the 23rd of April ?

A. The first conversation with reference to the \$50,000 claim, was before the Order-in-Council,—before I had any communication about the Order-in-Council. The second communication was after the passage of the Order-in-Council.

Q. And then ?

A. Then I told Mr. Garneau that we could not possibly pay the amount of \$175,000 at that time,—that it could not be paid. My recollection is that Mr. Garneau spoke to me about a letter of credit with the banks, and I prepared a draft of a letter of credit.

Q. Yes. Have you the draft ?

A. Yes, I have the draft.

Q. You might produce it. I suppose it was one letter for one sum of \$175,000 ?

A. No. The draft prepared was for \$100,000.

Q. \$100,000. Have you it with you ?

A. Yes, I have. (*Producing the same*).

This is the draft which was prepared and submitted to the Attorney General for his approval.

Q. Who was the Attorney General?

A. The Honourable Mr. Robidoux.

Q. Let me understand if the suggestion of the Treasurer as to the \$50,000 was ever reduced to the form of a letter of credit?

A. It was not. Payments were made in cash on account of these claims for \$50,000.00.

Q. To whom?

A. The warrants were issued in favor of J. C. Langelier, commissioner, represented by Mr. Lesage, of the Public Works Department.

Q. To what extent?

A. The first one was \$25,000, and the next one \$15,000.

Q. Can you give us the dates of these?

A. I have not got any memorandum.

Q. Do I understand you to say that it was after the passage of the Order-in-Council of the 23rd of April that you were informed that it had become necessary to make the payment of the claim of Mr. Armstrong reduced from \$300,000 to \$175,000?

A. Yes, Sir.

Q. And in consequence of that conversation, you made a draft of a proposed letter of credit?

A. I made a draft,—on the morning of the 28th, I think it was that the draft was prepared.

Q. Which you have produced?

A. Yes, Sir, I think it was.

Q. Was not the first proposition to issue a single letter of credit for the whole of the \$75,000?

A. My recollection is that the cashier of the bank wished the letters of credit for \$75,000 to be one for \$100,000 one for \$50,000 and one for \$25,000, and that the three letters were prepared in that form, on the 28th, after Mr. Garneau and myself and Mr. Ross had been to Mr. Robidoux's to submit the question.

Q. What cashier do you make reference to?

A. Mr. Webb, of the Union Bank. The three letters of credit were prepared, one for \$100,000, one for \$50,000 and one for \$25,000.

Q. Have you the drafts of these prepared letters with you?

A. I have not. I have copies of them in the Department. In the afternoon of the 28th, on the representations of Mr. Webb and the cashier of the Banque Nationale, with the approval of Mr. Garneau, one letter for \$75,000 in favor of the Banque Nationale was substituted for two letters,—one for \$50,000 and the other for \$25,000—which had been at first made in favor of the Union Bank.

Q. And delivered to whom?

A. The \$75,000 letter was delivered by Mr. O'Regan in my department, as he informed me, to the cashier or president of the Banque Nationale.

Q. Will you make a memorandum to produce the three original drafts?

A. The original letters, one for \$25,000 and one for \$50,000, were destroyed.

Q. What have you here now, what is the draft you have before you?

A. I have the two letters of credit, one in favor...

Q. Let us deal with this one first. Is that the \$100,000 draft in the proposed series of \$25,000 and \$100,000?

A. Yes, that was the draft of one of the series of three that were to be given to Union Bank.

(Copy of draft filed as **Exhibit No, 42.**)

Q. It is not addressed to any particular cashier?

A. I think it is to the Union Bank of Canada.

Q. It is addressed?

A. Yes, Sir.

Q. What is that writing at the head of the draft, well, you might read it first?

“ QUEBEC, 28th April 1891.

TREASURY DEPARTMENT,

“ TO THE CASHIER OF THE UNION BANK OF CANADA,

“ Quebec.

“ Sir,

“ You are hereby authorized to advance to J. Chrysostome Langelier, Esquire a commissioner appointed by Order-in Council No. 238 of the 23rd of April 1891, to pay claims against the Baie des Chaleurs Railway Company, the sum of \$100,000, to be by employed in payment of said claims under authority of the Order in Council No. 237 of the 23rd of April 1891. which sum of \$100,000 will be paid by the Treasury Department of the Province of Quebec to the Union Bank of Canada, on or before the first of July 1891. together with interest on the same at 5 % per annum from (the date at which interest was to commence not having been fixed at the time the draft was made,)—the payment will be made out of subsidy given by the Act 54 Vic. Ch. 88, sec. 1, sub-section 1, of which payment of which has been authorized by an Order-in-Council No. 237 of the 23rd of April 1891. ”

Q. All this is in type-writing. At the head of the paper there is some hand writing. Will you read that?

A. “ Draft of letter submitted to the Hon. Attorney General approved and sent.”

Q. In whose handwriting is this?

A. Mine.

Q. I see some initials in pencil?

A. Those are the initials of the Hon. Mr. Robidoux.

Q. And I see some little crosses in the letter.

A. Those were merely the marks of the stenographer and type-writer to make out other letters by, for different amounts that they respectively might be.

Q. Did you carry this to Mr. Robidoux?

A. I did.

Q. In company with whom?

A. The Hon. Mr. Garneau and Mr. Ross.

Q. To his office?

A. To his house. He was in bed.

Q. At what date was that?

A. The 28th of April.

Q. I understand by his initials that he approved this draft?

A. Yes. We went to Mr. Robidoux to submit the question whether the Order-in-Council

was authoritative for the payment of the money and also as to whether this letter of credit could be issued under it, and if he approved the form.

Q. Was his report verbal, in writing or limited to putting his initials upon this draft?

A. His report was verbal, and also he gave his opinion verbally to me.

Q. Have you with you the letters of credit as really issued.

A. I have.

(Letters of credit for \$100,000 and \$75,000 are filed as Exhibits No. 43 and No. 44.)

Q. You might read the one for \$100,000?

TREASURY DEPARTMENT,

“ QUEBEC, 28th April, 1891.

“ TO THE CASHIER OF THE UNION BANK OF CANADA,

“ Quebec.

“ Sir,

“ You are hereby authorized to advance to John Chrysostôme Langelier, Esquire, Commissioner appointed by Order-in-Council No. 238 of the 23rd of April, 1891, to pay the claims of the Baie des Chaleurs Railway Company, the sum of \$100,000, to be by him employed in payment of said claims under authority of the Order-in-Council No. 237 of the 23rd of April, 1891, which sum of \$100,000 will be paid by the Treasury Department of the Province of Quebec to the Union Bank of Canada, on or before the first of July, 1891, together with interest on the same at the rate of 5 p. c. per annum from the first of June next to date of payment. This payment will be made out of the subsidy given by the Act 54 Vic., ch. 88, sec. 1, sub-sec. J, payment of which has been authorized by Order-in-Council No. 237 of the 23rd of April 1891.

“ I have the honour to be, Sir,

“ Your obedient servant,

“ P. GARNEAU,

“ *Acting Provincial Treasurer and Acting Prime Minister P. Q.*

Q. The other one is in identical terms, addressed to the Banque Nationale and for \$75,000?

A. And for \$75,000, in identical terms.

Q. Were these letters of credit issued with your concurrence, as far as the financial operations were concerned?

A. I followed the instructions which were given me.

Q. Under what act were you making the expenditure?

A. The expenditure was made under the act of 54 Vict., ch. 88, I think it is.

Q. Do I understand you to state that that act made any sum of money available at that moment for the Baie des Chaleurs railway?

A. The act made the sum of money available, after it was converted, — after the subsidy of land had been converted by an Order-in-Council, and an Order-in-Council, passed authorizing the payment of any part of that converted subsidy. That would be the authority for the payment.

Q. This act was assented to on the thirtieth of December 1890. Did the act go into immediate operation, or did it only become operative on the first of July?

A. It came into immediate operation, as I understood it.

Q. Was not it taken out of the estimates of the next fiscal year and charged against them?

A. We do not charge any thing against the estimates. The estimates are submitted to what will be probably required, while this sum could not have been included in the estimates for the expenditure of that fiscal year.

Q. What fiscal year?

A. That was then current (1890-91). After an act has been passed by the Legislature granting a certain amount, it is payable out of the appropriation which is created by the act.

Q. So that this act, when in any way put into operation, so far as these subsidies concerned, would come within the public accounts of 1890-91?

A. Yes.

Q. Section J of the same Act reads as follows: "To aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length, for the part not commenced and that not finished, about 80 miles, going to or near Gaspé Basin, a subsidy of ten thousand acres of land per mile, not to exceed in all...800,000. Payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works and to supply the rolling stock for the whole road and keep it in working order, and also upon condition that the balance of the privileged debts due to the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant-Governor in Council."

And the last paragraph of section 8 reads:

"Before claiming any portion of the subsidies above mentioned, the company shall establish, to the satisfaction of the Lieutenant-Governor in Council, that it has sufficient means and is in a position to complete the projected road and keep it in good working order."

Now I desire to ask you under what authority these 800,000 acres of land were converted into money, and how converted,—by what particular departmental act or by Order-in-Council?

A. By an Order-in-Council,—

Q. No, but what statute enables this conversion to be made?

A. 1888, I think it is. I don't recollect exactly, but you will find the authority mentioned in that same act. There is a clause in that same act, just near the end of which it is said the land subsidies shall be converted under 51 and 52 Vic. Ch. 91, section 1 of 1886. The original statute for the conversion is 49 and 50 Vic., Ch. 76.

Q. For how long a time did that last? It is not 51 and 52 Vic. Ch. 91?

A. Well, that is the one of which you are speaking. That is the clause referred to for the conversion.

Q. 51 and 52 Vic., ch. 91 referred to in section 7, 54 Vic. ch. 88, provides for the conversion of land into a money subsidy.

A. Now you notice by this Act 51 and 52 Vict. that two things are necessary: first, a resolution of the board of the directors of the Company requesting it, submitted to and approved by the Commissioner of Public Works, and second an Order-in-Council. Is that correct?

A. That is what I considered as necessary for the conversion of the subsidy.

Q. Was there a resolution, and if so, where is it, of the board of directors of the Baie des Chaleurs Railway Company, in this sense?

A. There was none that I am aware ; I inquired of the Hon. Mr. Garneau with reference to it, and Mr. Garneau said it was considered that the Order-in-Council No. 237 was a sufficient conversion.

Q. Was there any Order-in-Council authorizing the conversion of the land grant into a subsidy?

A. None that I am aware of, except No. 237.

Q. Do I understand you to say you drew the attention of the Commissioner of Public Works to the necessity of a compliance with the requirements of this statute and an Order-in-Council?

A. Yes ; after the receipt of the Order-in-Council No. 237, I consulted the Auditor of the Province with reference to it, and we came to the conclusion that there was no conversion of the land subsidy. That was our idea, and I went to Mr. Garneau and expressed to him what I thought was the case. That what seemed to be wanted was the conversion of the land subsidy in the form which had previously been always adopted with reference to the conversion of subsidies, there being a resolution of the board of directors, and on that resolution an Order-in-Council passed converting the subsidy.

Q. Are you aware whether there was any memorandum made of this opinion on the part of the Auditor or yourself or by either of you?

A. I am not aware that there was any memorandum, but the Hon. Mr. Garneau consulted the Hon. Mr. Ross on this subject, and we all three went to the Attorney General, but before we went, when first I expressed my opinion on that subject, Mr. Garneau said the opinion of his colleagues and the law officers was that the Order-in-Council No. 237 was a sufficient conversion of the land subsidy and a sufficient authority for payment, and that I would have a copy of the opinion of the assistant attorney general sent me. Well, I received the copy of an opinion from the assistant attorney general. That was on the 24th, and on the 25th I received the opinion of the assistant attorney general.

Q. Have you it with you?

A. Yes, I have, notwithstanding that I was still not quite sure about the matter, it was not the opinion of the Attorney General himself, nor given as the opinion of the Attorney General, but the opinion of the assistant attorney general, and I told Mr. Garneau that I thought it would be advisable for Mr. Robidoux to give his own opinion on the subject, and he said he would do so and that he would not proceed until he had that, and it was for that purpose that Mr. Garneau, the Hon. Mr. Ross and myself went to see Mr. Robidoux. This is a copy of the original opinion sent me by the assistant attorney general.

Q. Where is the original opinion?

A. I do not know, Sir.

Q. I suppose, in the law department?

A. I should think it will be in the Public Works Department.

The Commission adjourned until Wednesday morning, October 21st 1891, at 10 A. M.

J. BELANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province constituting and appointing the Honou
LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES E
Judge of the Court of Queen's Bench and the Honourable CHARLES-PEERS DAVIDSON, J
of the Superior Court, Commissioners to inquire into and report on the facts and circ
stances which preceded, accompanied, caused and followed the transactions made under
Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Comp

8th SITTING.

The twenty-first day of October in the year of our Lord one thousand eight hund
and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
" " " " LOUIS-FRANÇOIS-GEORGES BABY
" " " " CHARLES-PEERS DAVIDSON.

Commissio

Mr. Hall :—

I would like to make a suggestion to the Commission, and that is with reference to
order to the telegraph companies to conserve the telegrams bearing on this matter. Af
delay of six months telegraph companies are permitted to either destroy or give out of
custody all telegrams in their possession. A good many of the transactions into which
are now enquiring commenced in April last, and the six months are practically up to
and I think it is a matter of special importance that the Commission would issue an o
to the various telegraph companies not to dispossess themselves of, but to keep any telegr
which may have been issued by their offices bearing upon this matter.

Mr. Béique :—

We have no objection whatever.

Hon. Mr. Justice Jetté :—

There is no objection to the order being given ; but there might be some difficult
giving a general order. If you would put your demand in writing and indicate what
grams you want and by whom sent and to whom, the order could be issued.

Mr. Hall :

I will give the Commission the names of the parties.

HENRY TURNER MACHIN assistant Provincial Treasurer is recalled and further examined.

By Hon. Mr. Justice Davidson :—

Q. Is that the opinion of which the original appears in the record of the Public Works Department before the Commission?

A. It is. (A copy of this opinion is filed as **Exhibit No. 12**)

Q. I read in your yesterday afternoon's evidence as follows: "Well, I received a copy of the opinion from the assistant attorney general. That was on the 24th, and on the 25th I received the opinion of the assistant attorney general."

A. On the 24th I received a copy of the Order-in-Council.

Q. That must be an error?

A. Yes, Sir, an error. On the 24th I received a copy of the Order-in-Council, and on the 25th I received a copy of the opinion of the assistant attorney general.

Q. To which you have just referred?

A. To which I have just referred

Q. When you state in your evidence as follows: "This is a copy of the original opinion sent me by the assistant attorney general." You refer to the copy of record in the Department now with you, and which you have compared with the original opinion in the Public Works record.

A. Yes.

Q. You will proceed to state, Mr. Machin, what occurred at the interview between Mr. Garneau, Mr. Ross, the Attorney General and yourself when you proceeded to take his opinion with reference to this point.

A. We found Mr. Robidoux in bed and I had taken with me the statutes containing the acts with reference to the conversion of the land subsidy into a money subsidy, and I explained to him my doubts as to the Order-in-Council No. 237, constituting the conversion of the land subsidy into a money subsidy, as the Orders-in-Council which had been passed previously with reference to the conversion of land subsidies into money subsidies were all pretty much in the same form, setting forth that a railway was entitled under a certain act to a certain land grant, and that under another act—specifying the act—the land subsidy could be converted into a money subsidy, and setting forth that the company had by means of a resolution of the directors of the company declared its option in favor of the conversion, a copy of which resolution had been received by the Commissioner of Public Works, and recommending therefore that in consequence that the land subsidy granted should be converted into a money subsidy; and I did not find anything of that nature in the Order-in-Council No. 237.

Q. Can you give us a copy of the form to which you refer?

A. I can get from the Department a copy of an Order-in-Council converting land subsidies into money subsidies.

Q. Which will be the ordinary form in which they go to the Department?

A. Yes.

Mr. Hall :

May I suggest to the Commission that in connection with this particular railway there

was an Order-in-Council passed not many months before, in 1889, and perhaps that might give us some information too.

Hon. Mr. Justice Davidson :—

Proceed Mr. Machin.

The Witness :—

Mr. Robidoux, after looking at the statutes and considering the question, said that he considered, that with this Order-in-Council, it was not necessary to have the same proceedings in this particular case as in the case of a company which had been actually constituted at the time, because of the peculiar terms of the grant under the statute ; and he said that his opinion was—in his opinion he agreed with the opinion which had been given by the assistant attorney general, that the Order-in-Council No. 237 was a sufficient conversion for all purposes, especially as the Government was to retain in its hands the amount of the money for the payment of the claims. Then I also asked him with reference to the authority for the payment, because the Order-in-Council did not seem to me to be in the usual terms authorizing a payment from the Treasury Department, and he said that he considered the Order-in-Council was sufficient authority for the payment of the amount of \$280,000.00 and I then submitted to him the draft of the letter of credit and he approved of the same—I left then.

Q. What draft was it that you submitted to him ?

A. The draft which I filed yesterday as **Exhibit No. 42**.

Q. What were the defects which you had in your mind with respect to the want of authority as regarded the Treasury Department ?

A. The ordinary Order-in-Council authorizing a payment contains generally a direct recommendation at the end, after setting forth the grounds for the payment, authorizes that a certain amount be paid.

Q. You might produce the form in ordinary use in the Department. If you can you will specify the statute to which you so brought the attention of the Attorney General ?

A. The statutes which I brought under the notice of the Attorney General were the Statutes of last Session 54 Vic. ch. 88, sect. 7. and 51-52 Vic., Ch. 91.

Q. Was the opinion so given you ever afterwards reduced to writing or made a matter of record in any way ?

A. Not that I am aware of. I have never seen any.

Q. The Commission would like you to speak with greater certainty, Mr. Machin, as to the statutory fund out of which the subsidies granted by 54 Vic., ch. 88, were to be paid.

A. All payments of railway subsidies are considered to be paid and are generally directed to be paid by an Order in Council out of the Consolidated Railway Fund.

Q. Does such a provision appear in this statute ?

A. I think there is nothing with reference to it in the statute. I might add it is enacted by 40 Vic., ch. 2, sect 3 as follows: " The Lieutenant-Governor in Council can from the same Fund pay to any railway company having a right to a grant in virtue of any act of this Province or to the Commissioners of the Quebec, Montreal and Occidental Railway such grants at such time and in such amounts as under the law they have a right to claim."

Q. What fund is referred to ?

A. The Consolidated Railway Fund.

Q. Did the Treasurer in his Budget Speech make provision for the payment of this subsidy in the then current year of 1890-91 or in the coming financial year beginning on the 30th June, 1891?

A. This subsidy was not included in the estimates, It had not been made for that year, because no such grant was in existence at the time the estimates were made. I cannot recollect what was contained in the Budget Speech.

Q. Is the pamphlet now shown to you the official publication of the Budget Speech delivered on the 9th December, 1890?

Pamphlet is handed to witness.

A. It is considered so.

(Pamphlet is filled as Exhibit No. 45.)

Q. I find at page 42 of the pamphlet the following language: "We ask \$838,555 for public works, buildings etc., and \$756,956. 25 for subsidies to railways. For the next fiscal year the expenditure for public works, including subsidies to railways, will amount to \$1,695,511.25, which is \$34,015.24 more than we have asked for the current year." Does this subsidy so mentioned as applicable to railways include the sum which would represent the land subsidy to the Baie des Chaleurs Railway when converted?

A. I think not—not the land subsidy that was granted at the last session,

Q. Your belief is that the Treasurer took no account of this grant to the Baie des Chaleurs Railway, at that moment because it was a land, and not a cash, subsidy; do I understand that?

A. Because at that time the grant had not been made. At the time the Budget Speech was made this grant had not been made by the House.

Q. If it is a mere matter of calculation, Mr. Machin, I imagine. Would you be good enough just to verify by reference to the totals mentioned in the statute what the \$756,000 consisted of?

A. Yes.

Q. The last clause of Section 8, 54 Vict. ch. 8, was read to you in your previous evidence, by which it appears that before claiming any portion of the subsidies above mentioned the Company shall establish to the satisfaction of the Lieutenant-Governor in Council that it has sufficient means and is in a position to complete the projected road and keep it in good working order? Did the responsibility for seeing that this requirement of the statute was carried out belong to your department?

A. Not at all.

Q. To whose department?

A. The Public Works.

Q. What followed, Mr. Machin, in the order of time, as to your handling of these letters of credit?

A. As soon as I had obtained the opinion of the Attorney General, and knowing that there was great anxiety that these letters should be got through as soon as possible I returned at once to my department and prepared the three letters of credit for the Union Bank, which the Honourable Mr. Garneau signed, and I sent them to the bank—one for \$10,000, one for \$50,000, and one for \$25,000.

In the afternoon Mr. Webb, the cashier of the Union Bank, and Mr. Lafrance of the

Banque Nationale with Mr. Hamel, I think, the lawyer of the bank, came to my office said that—Mr. Webb said that he would like to have the \$50,000 and the \$25,000 letter credit returned—that he would like to return them, and that a new letter of credit should be given for \$75,000 in place of these to the Banque Nationale; and Mr. Lafrance and Hamel looked over the letters of credit and were a long time in deciding whether it would be satisfactory and whether they could accept it; and they telephoned down to the bank and Mr. Gaboury, the President of the bank, came up. After considerable time Mr. T. came into the office with the Honourable Mr. Duhamel; and after some discussion among the bank cashiers Mr. Gaboury of the Banque Nationale, decided to accept the letter credit, and I informed Mr. Garneau at once of the change which was proposed, and I asked him if he would consent to it, which he did. By that time it got pretty late, and I told Garneau that I would have the letter prepared as soon as possible and sent to him for signature. The letter was prepared, but when it was sent to Mr. Garneau's office he left for home. As he had said nothing to me about any further action to be taken, I told the gentlemen that they could do nothing further that afternoon. It was then some time after four o'clock; and I left my office to go home, these gentlemen having previously been in the office. As I was coming out of the building I met Mr. Armstrong, who asked me could not do something about getting the letter of credit signed to the Banque Nationale that afternoon. I told him that Mr. Garneau had not left any instructions with me, that I was aware the letter was being prepared for signature, and he had left no instructions. Armstrong said that it was very important that the matter should be settled, that Mr. T. was not willing to wait and "the matter had to be settled to-day," that day; and he asked me if I would go down to Mr. Garneau's house with the letter of credit. Well, I told him that I was not inclined to do that, that I did not think I had a right to go to Mr. Garneau's house with the papers as he had left me no instructions to do so and was aware that the document was to be prepared. However, he urged the matter very strongly, and I said I would consent that Mr. O'Regan, who is the stenographer and type-writer of the Department, should accompany Mr. Gaboury and take with him the letter of credit for the Banque Nationale for \$75,000 and the two letters of credit which had been given to the Union Bank for \$50,000 and \$25,000 which the \$75,000 was to replace, to Mr. Garneau's house, and I was there and wished to sign the new letter of credit and cancel the old ones that he could do so. Mr. O'Regan went to Mr. Garneau's house, as he informed me the next morning with these documents which I had given him, and brought back the two letters of credit which had been first given to the Union Bank, cancelled and with Mr. Garneau's signature taken off, and stated that the letter for \$75,000 had been delivered to Mr. Gaboury of Banque Nationale.

Q. Anything further?

A. Nothing further.

Q. Have you mentioned all the persons whom you saw on this date, the 28th April, with respect to these letters of credit, or with respect to any pressure that was put upon you, or representations that were made to you as to the necessity for haste?

A. I have mentioned all the persons with whom I had any conversation on the subject.

Q. Up to this time did you see Mr. Pacaud at all in connection with the matter?

A. I saw Mr. Pacaud only at the door when I was talking to Mr. Armstrong—the door to the Public Buildings.

Q. That was at 4 o'clock in the afternoon?

A. That was, I think, about half past four; at all events, it was after four o'clock.

Q. Had you at any previous time had any conversation with him?

A. With Mr. Pacaud? No.

Q. Or had you received any written communication from him?

A. None whatever.

Q. I extend these two questions to any person other than Mr. Pacaud, apart from your departmental chief.

A. I had no conversation with any other person, that I am aware of, on the subject except the parties that I have mentioned.

Q. Have you any correspondence in your department in connection with this matter?

A. I think there is no correspondence.

Q. Did you address any letters to Mr. Thom or receive any letters from him?

A. No, none. Not that I can remember.

Q. You might verify the fact.

Q. Apart from Mr. Duhamel had any of the other ministers spoken to you on the subject?

A. None, except the Honourable Mr. Garneau; and the conversation which I had with Mr. Ross.

Q. And Mr. Duhamel?

A. And Mr. Duhamel in my room that afternoon.

Q. What official duty called for his presence?

A. I don't know. I wasn't aware why he came.

Q. You might state, if your memory serves you, what part he took in the interview?

A. As far as I can recollect very little, indeed. He sat in the room for something over an hour, I think, but he said nothing particular, that I can recall when he left—he left before the interview was over, and Mr. Thom thanked him for his assistance, but Mr. Duhamel said nothing in particular to me while he was there.

Q. You have stated that you knew there was great anxiety to procure the completion of the issue of these letters of credit. What causes produced that conviction?

A. Mr. Garneau informed me so himself; and Mr. Thom was present in Mr. Garneau's office at one interview when I was there; and my recollection of his conversation is that he was urging the necessity of immediate action on the subject.

Q. You have stated that Mr. Webb came to your office and informed you that he would return the three letters of credit?

A. Two of them.

Q. Two of three letters of credit, so that the \$50,000 and \$25,000 letters of credit might be replaced with one for \$75,000. I do not recall that you have informed the Commission and how they came to be in his possession.

A. I sent them to him after I prepared them on returning from the Attorney General.

Q. At what hour?

A. My impression is that it was about between one and two o'clock.

Q. On the 28th April ?

A. Yes.

Q. By whom ?

A, I think by the messenger, but I cannot recollect definitely about that.

Q. I understand, then, that Mr. Webb retained always the \$100,000 letter of credit ?

A. He retained the \$100,000 letter.

Q. What followed after the two letters for \$100,000 and \$75,000 finally left your possession ?

A. They were presented and paid on the 10th July.

Q. In the meanwhile a request or requests had been made to you to furnish copies of the Orders-in-Council, had there not ? and in accordance with these requests you did so furnish them ?

A. Yes, by the banks ; that is my recollection.

Q. Other than the Union Bank ?

A. The Banque Nationale also, I think, if I recollect rightly, required a copy of the Order-in-Council.

Q. Did any other incident occur with reference to them between the 28th April and the 10th July, the date of their payment ?

A. Not that I am aware of except the letters of the cashier of the bank notifying that they would be due and asking for payment to be provided.

Q. Any other correspondence ?

A. Not that I am aware of, that I recollect of.

Q. Any interviews with any parties concerning this ?

A. None.

Q. Any conversation, written or verbal, with Mr. Pacaud ?

A, None at all.

Q. What part, if any, did you, or within your personal knowledge, your department take with reference to the negotiating of these letters of credit ?

A. None whatever.

Q. Were you aware by whom the negotiations which caused the appearance of these bankers at your office and resulted in your delivery of the letters of credit to them were carried on ?

A. The only information I had on the subject was given me by Mr. Webb, cashier of the Union Bank.

Q. It was a mere matter of hearsay ?

A. Nothing but hearsay.

Q. No information derived from any of the parties mentioned in this investigation ?

A. Not at all, none whatever.

Q. Did you speak to Mr. J. Chrysostôme Langelier, the Commissioner, in connection with the matter ?

A. Not in connection with the negotiating of the letters of credit.

Q. What was your statement to him ?

A. To Mr. Langelier ?

Q. To Mr. J. Chrysostôme Langelier ?

A. The only statement I made to Mr. Langelier that I can recollect is that he brought or caused to be brought to my department a roll, which he himself stated to me contained the claims which were to be paid, and he wished me to look it over, but I declined to look at it at all, because, I said, I would take no responsibility with reference to these claims as the settlement of them belonged to the Public Works Department.

Q. Did you give any information to Mr. Langelier, officially or informally, that I would find \$100,000 at his credit in the Union Bank ?

A. Not that I recollect. Possibly the matter might have occurred in conversation in Mr. Garneau's office.

Q. In order to bring the matter as certainly as possible to your recollection I read to you from the evidence given by Mr. J. Chrysostôme Langelier before the Senate Committee as it appears at page 24 :

"Q. Who arranged that" ?

"A. I was informed by the Department that there would be a letter for \$100,000 on the Union Bank and that such an amount would be put to my credit.

"Q. Who told you that.

"A. Mr. Lesage and Mr. Machin."

Witness :—

I have no recollection of making such a statement.

Q. What knowledge have you of the proposed action of the Union Bank on that date ?

A. Only the knowledge of the letters of credit themselves directing the bank to advance to Mr. J. C. Langelier the amount.

Q. But I mean as to the manner in which the Union Bank proposed to deal with the letters of credit ?

A. I had none.

Q. What is the official designation which you would give to these letters ?

A. Well, they are called letters of credit ; but there is no official designation for them.

Q. Will you give an official description of what a letter of credit is in its strict sense ?

A. Well, I am not aware of any provision in the law by which there should be such a thing as a letter of credit given, and therefore I have no official designation to give of such a document.

Q. What descriptive term do you apply to the authority issued for the purpose of making an unforeseen expenditure not covered by any vote of the House ?

A. A Special Warrant.

Q. That would be essentially different from the form of these letters of credit ?

A. Entirely a different thing. The special warrant is the creation of an appropriation.

Q. By virtue of an Order-in-Council and the warrant of the Lieutenant Governor or his deputy ?

A. And the warrant of the Lieutenant Governor and not his deputy.

By Mr. Hall:—

Q. Mr. Machin, after these letters of credit were so issued by your department, I understand from you they were subsequently paid on the 10th July ?

A. Yes.

Q. In what way were they paid by your department ?

A. We paid them by the issue of a warrant and a cheque in acquittal of the warrant—cheque or cheques.

Q. Previous then to the issue of a warrant there is a recommendation made out ?

A. There is a recommendation prepared by the auditor and submitted to me for approval.

Q. Will you look at these four recommendations which have been filed as Exhibit A. 9 and state if these are the recommendations prepared by the auditor and sent to you for approval ?

A. They are.

Q. And upon these recommendations warrants were made out ?

A. Upon these recommendations warrants were made out.

Q. That is, a warrant for each recommendation?

A. A warrant for each recommendation.

Q. By whom are these warrants prepared?

A. They are prepared in the Treasury Department by Mr. Holt, one of the clerks.

Q. You have these warrants up in the Department?

A. We have, yes.

Q. Will you take a memorandum of it, and when you return exhibit these warrants before the Commission?

A. Yes.

Q. Then upon the warrants cheques are made out. I suppose?

A. They are.

Q. I see by these recommendations that it is stated that as regards the two principal amounts of \$100,000 and \$75,000 that they were to be taken from 40 Vict. ch. 2?

A. That is correct—the Consolidated Railway Fund.

Q. The two small sums of \$534.25 and \$400.68. the interest on the larger amount respectively, was to be charged to 40 Vict. ch. 5.

A. That is to the interest on any debt of the Province—the interest on the public debt.

Q. And it was taken from the fund created by 40 Vict. ch. 5?

A. There was no fund created by 40 Vict. ch. 5, that is an act with reference to public debt; I think.

Q. With reference to the interest on the public debt?

A. With reference to the public debt and the interest on it.

Q. Now, Mr. Machin, at the time these letters were given on the 28th April, 1891, there any amount to the credit of the Consolidated Railway Fund created by 40 Vict. ch. 5?

A. Well, my impression is that there was a balance of the Railway Fund as constituted under the act; but the actual proceeds of loans and other sources of income to the fund have never been kept distinct from the other revenues of the Province.

Q. Then, do I understand there was no money to the credit of that fund on the date these letters of credit were given?

A. There is no special deposit to the credit of that fund.

Q. There was no cash to the credit of that fund out of which these letters could be drawn on the 28th April, 1891?

A. I think the balance that would be represented in our books as at the credit of that fund would be the fund from which the payment should be made.

Q. You do not know how much that credit was?

A. No, I cannot state that.

Q. Now, when the letters of credit were paid, out of what fund were they paid?

A. Well, the payment was charged to the Consolidated Railway Fund, in our books. The amount was taken from the cash we had in hand. We do not distinguish between the Consolidated Railway Fund and the Revenue Fund in our cash deposits.

Q. Would you look up and be prepared when you return again to give us a memorandum of what there was to the credit of that fund on the 28th April, 1891, and on the 10th July, 1891?

A. It will take some little time to make that statement up.

Q. If there was any money in that fund, Mr. Machin, what was the necessity of issuing these letters of credit?

A. Well, there might be a balance at the credit of the Consolidated Railway Fund actually, which had been used for other purposes—for other ordinary or special expenditure.

Q. Now, with reference to the passage of this act had there been any departmental or Governmental action with reference to the 800,000 acres of land under which any bonds were issued, as provided by the Consolidated Railway Fund?

A. I do not understand the question.

Q. I understand from 40 Vict. Ch. 2, that the Consolidated Railway Fund is formed out of funds realized from the sale of bonds or debentures negotiated or sold in virtue of any act of the Legislature?

A. Well, when the Legislature authorizes the issue of a loan for certain purposes—most all the loans of this Province have been issued for the purpose of paying subsidies to railways, and it is so stated. It is the proceeds of these bonds, when they are sold, that form the Consolidated Railway Fund.

Q. Precisely; but up to the date of the issue of the letters of credit there had been no bonds or debentures issued in respect of the vote concerning the Baie des Chaleurs Railway?

A. There is never any connection with any specific railway with reference to these bonds. The debentures are debentures of the Province, which are authorized by acts to be issued for the purpose of devoting them to the purpose of railways generally that are entitled to receive them.

Q. And the statutes have always mentioned the various railway subsidies to be provided for?

A. Not the statute which authorizes the issue of the debentures—or the raising of the loan and issuing of debentures. That mentions nothing with respect to any individual railway at all: it merely states the purpose that the proceeds of the debentures when they are sold are to be used for the purpose of the payment of the subsidies to the railways.

Q. But these railways are invariably mentioned in the statute?

A. Not in the statute which authorizes the raising of the loan.

Q. Well, with reference to the last loan which was authorized at the last session of the Legislature, are you not mistaken?

Look at the Statutes of last session, 54 Vict., ch. 2, authorizing the last loan of \$10,000,000 and see in that act if the railways are not referred to?

A. Railway subsidies generally are mentioned, amounting to \$2,988,247.88; but I do not find any individual railways mentioned.

Q. Now, Mr. Machin, the quotation which you have just given us, does not refer to railways that have already been subsidized?

A. Yes, it does.

Q. Will you look at the last two clauses of the clause which you have just been reading and see if provision was not made in that to provide for the subsidies voted at that session: in these subsidies were included the 800,000 acres of land or whatever other grant there was to the Baie des Chaleurs Railway?

A. "Railway money subsidies as set forth in the resolutions of the Legislative Assembly passed on the 23rd December, 1890, \$2,544,270."—Yes.

Q. Now, what about the next clause there?

A. "The first 35 cts. per acre of the railway land subsidy as set forth in the resolutions of the Legislative Assembly adopted on the 23rd December, \$1,856,050."

Q. What I understand is this: The Legislature by 54 Vict., ch. 88, voted certain railway

subsidies, and among others 800,000 acres of land for the Baie des Chaleurs Railway; in the same session were given authority to raise a certain amount of money, and in authority were given the power to get money to provide for these grants, among other grant of 800,000 acres of land?

A. That is correct.

A. Well, then, until they had carried into effect that loan they could not have money to pay that grant? is not that so?

A. It does not follow that it should not be paid because the money had not been rowed up to that time.

Q. Well, if the Legislature gives a grant and then provides how that grant shall be raised or executed, do you think that the money voted can be taken out of another fund?

A. When these debentures authorized under this loan were sold, the proceeds of a certain portion of them belonged to the Consolidated Railway Fund. That is the fund out of which all the railway subsidies are paid. The act, as I understand it, of this session made the grant authorize the immediate payment of the railway subsidies granted provided they were earned. I can see no reason why the payment should not be made immediately out of the Consolidated Railway Fund as it then existed, although that fund will be increased by a certain amount from the proceeds of the debentures to be sold.

Q. Well, now, Mr. Machin, this is getting away from the question. At the date the letters of credit were given on the 28th April, 1891, and the 10th July, 1891, when the letters of credit were paid, had there been a single cent of money raised under 54 Vict., ch. 1, placed to the credit of the Consolidated Railway Fund?

A. No.

Hon. Mr. Justice Jetté :—

Q. As I understand you Mr. Machin you want to give this view: when once a subsidy is voted it can be paid even if the loan is not yet made.

A. That is my opinion provided it is earned.

Q. If a loan is necessary it becomes an obligation of the Government?

A. Yes sir,

By Mr. Hall :—

Q. When you are paying railway subsidies, do you get a report from the Public Works Department, or an Order-in-Council setting forth that the subsidy has been earned?

A. We do.

Q. In connection with these letters of credit, or as regards issuing them, had you an Order-in-Council or any other report, even from the Public Works Department or any other department, to the effect that the subsidy in question had been earned?

A. Not definitely I think, but this Order-in-Council is so peculiar, that it is hard to say whether it implied that the conditions necessary to obtain the grant had been fulfilled or not.

Q. Now, do you also get a report from the Department of Public Works, in connection with these railway subsidies, in addition to the Order-in-Council?

A. No, we get simply an Order-in-Council.

Q. Which of course embodies the report of the Commissioner of Public Works?

A. Yes.

Q. Setting forth that a subsidy has been earned ?

A. Recommending the payment of a specific amount.

Q. Can you tell us how many interviews you had with Mr. Garneau, with reference to the Order in Council number 237, and the issuing of the letters of credit ?

A. Well I cannot recollect, but my impression is, that I had three at the least.

Q. I understand you that after you had received the Order in Council, Mr. Garneau said of all mentioned that there would be only about fifty thousand dollars wanted to pay him ?

A. It was before I received the Order-in-Council, that Mr. Garneau spoke about the 10,000 claims to be paid.

Q. How long after you received the Order-in-Council was it that Mr. Garneau first told you that there would have to be some provision made for the contractor's claim ?

A. My impression was that it was the same day that I received the Order in Council, that is my impression.

Q. Did you receive from Mr. Garneau a copy of the letter of instructions that he (Mr. Garneau) had sent to Chrysostome Langelier ?

A. I did not.

Q. Under date of April the fourth ?

A. No.

Q. I suppose that you have since seen that order of instructions ?

A. I have not.

Q. Now have you not seen it in the public press ?

A. I have not.

Q. You have not read the official correspondence between the Lieutenant Governor and the Treasurer of the Province ?

A. I have not read it carefully enough to recollect that.

Q. Do you recollect whether you saw Mr. Thom more than once or twice in Mr. Garneau's office ?

A. I only recollect seeing him once in Mr. Garneau's office. I saw him once in the side office.

Q. How many times did you see Mr. Thom in your own office ?

A. My recollection is that on the afternoon of the twenty eighth was the only time.

Q. When you were preparing the two letters of credit ?

A. Yes, changing them.

Q. Had you see Mr. Thom in the morning of the day, when you wrote out the first letter of credit ?

A. I think so, I think on the morning of that date he was at Mr. Garneau's office, as I saw him.

Q. And you subsequently saw him in your office in the afternoon ?

A. In my own office in the afternoon.

Q. It was Mr. Webb and Mr. Gaboury and Mr. Lafrance who came in first ?

A. Mr. Webb first and afterwards Mr. Lafrance and Mr. Duhamel.

Q. After some conversation they telephoned for Mr. Gaboury ?

A. Yes.

Q. How long after that did Mr. Duhamel and Mr. Thom come in.

A. I think that they came in in the mean time.

Q. Did Mr. Thom and Mr. Duhamel enter into discussion of the matter, with reference to issuing these letters of credit?

A. There was not very much said.

Q. The question I understood took some time, there was a good deal of hesitation, there not, before these letters of credit were issued?

A. Yes there was, it was a hesitation on the part of the Banque Nationale, as to whether the letter of credit was satisfactory to them.

Q. As regards its terms?

A. I presume so.

Q. Were you not close enough to hear the conversation?

A. I was close enough to hear the conversation, but I did not particularly listen, my understanding was that Mr. Lafrance was not satisfied as to whether his director would authorize him to accept the letter of credit on these terms.

Q. Did you see anybody else out there in the corridor close to your office?

A. No.

Q. While this interview was going on, did you have occasion to leave your office?

A. Yes I passed to the office of the type-writer and stenographer, once or twice.

Q. Is that across the passage?

A. Across the passage.

Q. And you did not see any one in particular out there?

A. I did not notice anybody.

Q. Then I understand that all these bank gentlemen left your office together or at the same time?

A. The bank gentlemen did.

Q. They left you alone in your office?

A. They left me alone in my office.

Q. Did Mr. Thom remain with you?

A. Mr. Thom went with them if I recollect rightly. Mr. Duhamel having gone before.

Q. And the letters of credit were then in your office unsigned for seventy-five thousand dollars (\$75,000.00.)?

A. Well, yes, they had just then been prepared by the type-writer.

Q. You sent it to Mr. Garneau's office to see if he was there?

A. Yes Sir.

Q. Who took it up?

A. Mr. O'Regan I think, but I am not quite sure of that.

Q. You are not sure of that?

A. No, I am not.

Q. O'Regan does not sit in the same office with you?

A. No Sir.

Q. You don't recollect whether you went to see him or not?

A. He would probably bring the letter to me as soon as he had finished writing it—fact is, it is impossible to recollect all these little things, these little details.

Q. This letter was brought back to you unsigned?

A. It was.

Q. And the bankers, as I understand you, were gone?

A. They went after the letter was brought back unsigned.

Q. They left first and subsequently you left your own office ?

A. Yes Sir, I left my own office.

Q. You came out of the public buildings and when you got outside the door you met Mr. Armstrong ?

A. I met Mr. Armstrong on the inside—at the door leading out near the porch.

Q. Or near the porch ?

A. Yes sir.

Q. Was any one with him ?

A. Mr. Gaboury was there and Mr. Lafrance I think.

Q. Where was Mr. Pacaud.

A. Well I was standing talking to Mr. Armstrong and Mr. Pacaud passed into the building through the porch.

Q. Then you had a discussion there that you related with Mr. Armstrong about going to Mr. Garneau's house ?

A. Yes.

Q. You returned to your office ?

A. I did.

Q. He accompanied you to your office ?

A. Well I do not recollect whether any one went.

Q. And when you got to your office who did you see there ?

A. I went to O'Regan's office ?

Q. You did not meet any one in that corridor ?

A. I do not recollect.

Q. Then you came back in company with O'Regan ?

A. Yes sir.

Q. He having the letter of credit for seventy five thousand dollars (\$75,000.00) in his pocket ?

A. Yes.

Q. And you came back there again where you saw Mr. Gaboury, Mr. Lafrance, and Mr. Armstrong ?

A. They were still there as I recollect it ?

Q. You told Mr. Armstrong that Mr. O'Regan would go to Mr. Garneau's house ?

A. I told Mr. Gaboury.

Q. Who went there ?

A. Mr. Gaboury.

Q. Did you see anyone go with him ?

A. I passed straight on.

Q. Now from the twentieth of April to the twenty eighth of April were you in the city of Quebec ?

A. Not all the time.

Q. Do you recollect what date or any date that you were not in Quebec ?

A. I was not in Quebec on the evening of the twenty-fifth (25th) and twenty-seventh (27th)—the morning of the twenty-seventh (27th).

Q. The afternoon of the twenty-fifth and the morning of the twenty-seventh ?

A. Yes that I was away.

Q. That afternoon and the morning only ?

A. It was Saturday afternoon and Monday morning I think.

Q. What time did you leave your office on the Saturday afternoon ?

A. I left early on Saturday.

Q. And you returned to your office at that time ?

A. I am not sure if I was in my office on Monday at all when I come to think of it Monday was a holiday—Arbour Day.

Q. Do I understand from you that in your Department you ever had Mr. Armstrong's claim with reference to this matter?

A. Not in my department.

Q. You had some other claims which were subsequently paid?

A. I don't know what claims may have been in the roll of paper which Mr. Langelier deposited on my desk, because I did not wish to look at them.

Q. Does that roll of paper still remain there?

A. No sir he took it away?

Q. In addition to these two letters of credit about that time the Treasurer of the Department paid some other claims under that Order-in-Council "237"?

A. We paid in the beginning of May, the first and May the second, fifteen hundred dollars (\$1,500.00).

Q. You had to pay certain claims?

A. We paid the assistant commissioner of Public Works for this purpose, and J. C. Langelier the commissioner.

Q. In what way were these paid by your department—on a requisition?

A. On an order from the Public Works department and a letter from the Honourable Mr. Garneau,—either written by him or for him.

Q. Have you got copies of the requisitions?

A. They are in the department.

Q. When you return again will you bring these original requisitions. You had no requisition on the Treasury from the Public Works Department to pay this claim of Mr. Armstrong?

A. No, Sir.

Q. Now you were asked I think if there was any correspondence between your department with reference to this Order in Council. There was produced the other day a letter from Mr. Thom to the Honourable Mr. Garneau of date fifth of June, 1891 (and which is produced as exhibit 21) and there was also Mr. Garneau's reply to Mr. Thom dated June the sixteenth, 1891, (copy of which is filed as exhibit 22) and then I see in the file of the Public Works a letter from the department of the Public Works, railway office, dated Quebec the eighteenth of June, 1891 and which is now produced as **Exhibit No. 46**, said letter being addressed to H. T. Machin, Esquire, assistant treasurer of the Province of Quebec. Now I would like to know if you received that letter?

A. I did.

Q. Now have you any other letter of credit or any other form undertaking to pay this money which has been issued either by your department or the department of Public Works?

A. There was none issued by the Treasury and I am not aware of any issued by them.

Q. Is there a record kept in the Treasury Department of these letters of credit issued?

A. I keep a record myself of the letters of credit issued.

Q. Are you informed always by the other departments when other letters are issued?

A. When a letter of credit is issued by the Treasury Department like these which have been referred to in this case. then I consider that a Treasury obligation, but I am not made aware of any letters of credit that are issued by other departments.

Q. Now in the last part of Mr. Garneau's letter to which I referred under date of June the sixteenth is the following: "the foregoing conditions of your letters of fifth of June instant having been submitted to my colleagues of the Executive Council they entirely approve of the same, and authorize me to write you as above agreeing to your proposals."

want to know if you are aware of any Order in Council containing any terms as suggested in that clause I have just read?

A. I am not.

Q. Do you know if there is any other Order in Council passed in connection with the Baie des Chaleurs Railway Company since No. "237"?

A. Not that I am aware of.

Q. And I understand you then to be positive that in connection with this Baie des Chaleurs Railway Company so far as you know there are no letters of credit issued since those two of the 28th of April 1891?

A. None that I am aware of.

Q. Or that you have heard of?

A. Or that I have heard of.

Q. And none that were entered in your list?

A. No.

Q. Was there any correspondence in your Department in connection with those letters of credit exchanged between the Department and Mr. J. C. Langelier?

A. No correspondence with Mr. Langelier.

Q. Do you recollect having any conversation at all with Mr. Langelier with reference to those letters of credit or the payment of Mr. Armstrong's claim or any matter connected with it?

A. The only time that I can recollect anything with reference to Mr. Armstrong's claim, was in Mr. Garneau's office when Mr. Garneau was speaking on the subject of Mr. Armstrong's claim and the amount of it. There was produced and I think Mr. Langelier was there—I am sure he was, a sheet of foolscap paper which purported to be Mr. Armstrong's claim, and he requested me to see that the actual figures had been given by Mr. Armstrong on the paper. I looked at it and told him the matter did not concern me at all. I told him it was a matter for the Public Works Department.

Q. Will you look in this dossier of the public works at two papers now shown you, one of which purports to be Mr. Armstrong's claim and the other purports to be a quittance signed by Mr. Armstrong, and state if these are the two papers you saw on that occasion just referred to?

A. I cannot state positively but that does not look to me to be just the same document that I saw in that office, my impression was that it was a written document, but it may not be so. I did not wish to look at it very much.

Q. Now for the other payments that you have made under this Order in Council number "237" you have special receipts and discharges in your department?

A. We have the receipts on the warrants.

Q. Now in connection with this claim of the Mr. C. N. Armstrong's what receipt have you for the payment of that Treasury claim?

A. We have nothing but the receipt of the bank for the payment of the letters of credit.

Q. That receipt from the bank consists of letters of credit having been returned?

A. And a receipt at the foot of the warrant for the amount.

Q. The Dominion subsidy came into the Consolidated Revenue Fund about the 1st of July?

A. Into the Consolidated Revenue Fund.

Q. You had no money to pay this at all ?

A. No.

By Mr. Béique :—

Q. There is in virtue of the statute but one consolidated fund, and it cannot be taken out of any other fund but that one ?

A. I think so.

By Hon. Mr. Irvine :—

Q. Referring to the Union Bank I understand you to say that you are quite positive that you sent that letter of credit to Mr. Webb ?

A. The three letters, \$100,000.00, \$50,000, and \$25,000.00.

Q. You sent them all to Mr. Webb immediately after they were signed ?

A. Yes Sir, I am sure of it.

Q. The reason why I have asked the question is because Mr. Webb couldn't say positively.

A. I am positive.

Q. On the afternoon of the 28th, the circumstances which occurred in your office reference only to the two letters of credit amounting to \$75,000. The \$100,000, one was in question and was not brought up to your office ?

A. Mr. Webb had it I think with the others, but he did not return it to me.

Q. When the warrant was paid who receipted the payment of the letters of credit.

A. The letters of credit were returned endorsed by Mr. Langelier and the bank.

Q. Each by its own bank ?

A. Each by its own bank.

Q. You made some remark about the necessity for showing that the work required to be done in order to earn the subsidy, had been done before the subsidy was paid. You went on to say that that is required by the Public Works Department before they ask for payment.

A. It is generally stated by the Order-in-Council before payment.

Q. Was it the understanding of yourself and the department that nothing was required to be done by the Baie des Chaleurs Railway Company in the way of work previous to payment of this additional subsidy granted last session ?

A. That would not concern me.

By Mr. Béique :

Q. Will you refer to page 42, sub-section J of the Act 54 Victoria, Chapter 88, which reads as follows : " To aid in completing and equipping the Baie des Chaleurs Railway throughout its whole length, for the part not commenced and that not finished, about 100 miles, going to or near Gaspé Basin, a subsidy of ten thousand acres of land per mile to exceed in all 800,000, acres of land "..... and say if that subsidy was one payable after it was earned by the Company ?

A. If the conditions contained in the grant were fulfilled then the subsidy is earned whether it is work done or any other condition complied with which is contained in the grant.

Q. This section of the act has no reference to any work being done. It has only reference to conditions to be fulfilled satisfactory to the Lieutenant Governor in Council ?

A. Yes, that would not come much within the province of our department.

Q. Because the Lieutenant Governor in Council had to express his satisfaction by passing the Order in Council to that effect before this subsidy could be paid ?

A. Yes.

Q. Now, will you turn to the Order in Council printed on pages 25 and 26 of the official correspondence and say if it appears by this Order-in-Council that the Lieutenant Governor in Council expressed his satisfaction that the conditions had been fulfilled ?

A. This sets forth the fact that the persons mentioned in the proposition above cited have the necessary means of conducting the enterprize, as required by the statute of last session, 54 Victoria, chapter 88, Section 1, Sub-section j., and that it is in the interest of the Province to accept it, and that the Hon. Commissioner recommends that the said proposition be accepted.

Q. When you stated that the Order in Council was not passed in the ordinary form, you did not mean to say that this Order in Council was not passed in accordance with the statute ?

A. No.

Q. Now, will you refer to the same Order in Council, page 26 of the official correspondence, in the third condition, and say if you do not find there a statement made in the Order in Council that the land grant of 800,000 acres was converted into money.

A. No, I do not consider that it did imply that. It says that the government binds itself to pay the company the subsidy of 800,000 acres of land granted by the statute 54 Vict., chapter 88, section 1, sub-section j, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway. I understand that to mean that when it was converted it would be paid, —that they would pay 800,000 acres of land in money after it was converted.

Q. Will you refer to the letter of 17th of April, signed by Mr. Thom, on page 24, addressed to Mr. Garneau as Commissioner of Public Works, and say if in that letter it is not expressly demanded that the 800,000, acres of land be converted into money ?

A. Mr. Thom says : " We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway ; if the following proposition is accepted by the Government, the Company under the management of a new board of directors will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st of December 1892, from Metapedia to Paspébiac, and thence to Gaspé Basin as soon as circumstances will permit. For carrying out the present proposition it is understood that the Government shall pay the company the balance of the subsidy granted by the statutes of Quebec, 45 Victoria, Chapter 23, and its amendments, and 51 and 52 Vict., Chap. 91, Sec. 12, amounting to \$250,000, to be payable as earned. Second : The subsidy of \$50,000, granted by the statute of last session, 54 Vict. Chapt. 88, Sec. 1. Sub-sec. i to be payable as soon as a bridge over the grand Cascapedia is finished and accepted by the Government. To comply with the intention of the law these subsidies of 800,000, acres of land granted by the statutes of

last session, 54 Vict. Chap. 88, Sec. 1, Sub-sec. J., shall be converted and the proceeds thereof shall be used by the Government to pay the legitimate and privileged claims."

Q. My question is as to whether there is not there a demand that the 800,000 acres of land be converted into money.

A. I do not consider that was the demand required by the law. It seemed to me that that was a statement of a certain proposition that would be accepted, and if accepted they would be prepared to go on.

Q. To make a demand according to law, what form would that demand have to take?

A. A resolution of the board of directors of the railway company.

Q. Now, Mr. Machin, will you refer again to sub-section J, and say if this sub-section does not contemplate an agreement to be entered into with any person or persons or a syndicate establishing, to the satisfaction of the Lieutenant Governor in Council, that they are in a position to carry out the works?

A. Yes, it states "by any person or persons".

Q. In virtue of this statute, do I understand you to say that the Lieutenant Governor in Council would not have been authorized to deal with Mr. Thom alone or with Mr. Thom and other parties who would have anything to do with the charter of the Baie des Chaleurs Railway, who would not have been in any way organized into a joint-stock company?

A. That was not my idea of it.

Q. On referring to the statute don't you see that the statute contemplates just such a possibility?

A. It cites that it is payable to any person or persons.

Q. If the agreement was effected with persons who were not a company,—who were not organized—no resolution of the board of the company could be passed asking that the conversion be made into money?

A. No, but there would be a resolution or application by the person or persons, and the Order-in-Council in the usual form for the conversion would set forth the act under which the conversion was to be made, and then declare that the conversion was made.

Q. Is there any statute requiring any form as to making a conversion of such land grant subsidy into a money subsidy?

A. The form for an Order-in-Council?

Q. Yes.

A. There is no form specified.

Q. Is there any statute requiring any special form of application on the part of the parties who are entitled to demand the conversion?

A. The statute says that it shall be a resolution by the Board of Directors, declaring the option in favor of a subsidy in money, a copy of which shall be filed with by the Commissioner of Public Works.

Q. That is a general statute?

A. Yes.

Q. It could not be applied in the present instance, when the Government was negotiating with parties who were not incorporated, because no resolution could be passed?

A. I understood that the negotiation was with a party acting on behalf of a new company.

Q. Are you aware when these parties acquired the charter of the Baie des Chaleurs Railway Company?

A. I am not aware, but my opinion of the Order-in-Council is that if those conditions were accepted by the company these parties were in a position to acquire the charter.

Q. Nothing prevented them before acquiring a charter, from demanding the conversion?

A. Well, that is not the way it looked to me at the time when I spoke to Mr. Garneau.

Q. Any way there is no statute requiring any specific form to be used?

A. There is not.

Q. You had in your mind the form that was used ordinarily?

A. Yes.

Q. And you communicated your impression.—your views to the Attorney General, Mr. Robidoux, and Mr. Robidoux did not agree with you?

A. He did not.

Q. He agreed in the opinion given by the assistant attorney general?

A. He did.

Q. They were the proper authorities to decide, to pass on upon this question?

A. They were.

Q. Do I understand that Mr. Robidoux told you and Mr. Garneau when you both went to his room on the 28th of April that he entirely agreed with the opinion of the assistant attorney general?

A. I understood him to say so.

Q. Now Mr. Machin, suppose for a moment that Mr. Thom would have applied alone independently of any other person to the Government for the benefit arising from section 1 already referred to, and that the Government would have been satisfied that he offered the necessary securities to complete the road and carry on the enterprize, and had accepted his proposition, how would he have applied then for the conversion of this land subsidy into money? Would it have been by resolution?

A. In that case I think he would make simply an application to the Commissioner.

Q. Now you find his application in the letter of the 17th of April?

A. I find one of the propositions, which it seemed to me was made.

Q. Now this proposition is an application. He is demanding that this be done by the Government, if his proposition is entertained?

A. Yes.

Q. Well then dont you find that by the Order in Council it is expressly stated that his proposition is accepted?

A. I do not so understand it.

Q. Do you refer to page 26 of the printed official report and say if you do not find there the followings words: "And upon the said A. M. Thom and the persons in the name of whom he acts, obtaining a transfer of the charter of the Baie des Chaleurs Railway, and seeing that the persons mentioned in the propositions there set forth have the necessary means to carry out the enterprize as required by the statute of last session, 54 Vict., Cap. 88, Section Sub-section j, and seeing that it is in the interest of the Province to accept it, the Honour-

able Commissioner of Public Works recommends that the said proposition shall be accepted as follows: " Then you find it is expressly stated that Mr. Thom's proposition is accepted."

A. Yes.

Q. It is accepted?

A. Yes.

Q. And therefore his application for the conversion of the land grant into money was declared accepted by the Order in Council?

A. I did not so consider it and I do not so consider it now, because it goes on to state that the proposition shall be accepted as follows, and then recites the whole of the terms.

Q. It recites the conversion of the money?

A. And in the Order-in-Council it is stated that the Government engages to pay a subsidy to the company of 800,000 acres of land, converted into money, but it is not the first time in which the conversion has taken place in any other instance.

Q. Is it not therein expressly stated in the very same clause after it states that the Government engages to pay to the company 800,000 acres of land, granted by the Victoria Act: Cap. 88, Section " 1 " subsection " j," converted into money, that the said subsidy shall be employed by the Government for the payment of debts of the railway, and the surplus if any there remains after the payment of such debts against the railway company shall be kept by the Government, to render an account of the same to the company at the final settlement?

A. Yes.

Q. Now you have stated when you were examined at the first that the moment this subsidy was converted into money it became payable?

A. I considered it so.

Q. Now will you refer to the Revised Statutes of the Province of Quebec articles 757 and 758 and read the same?

A. " 739 reads as follows " All revenue from whatever source arising over which the Legislature has power forms one of the consolidated revenue funds appropriated for the service of the province, " and 758 reads " " revenue or public revenue or public moneys arising from any source whatever whether such revenues or moneys belong to the province or are held by the province, or received and held by some provincial officer on account of or in trust for any other province forming part of the Dominion, or for the Dominion or for the Imperial Government or for any other party."

Q. Then the Consolidated Revenue Fund covers everything that goes into the chest?

A. If it is revenue, there are certain trust funds that are held which do not belong to the consolidated fund.

Q. Will you read again section 758 which says: " revenue or public revenue or moneys arising from any source whatever, whether such revenues or moneys belong to the province or are held by the province or received and held by some provincial officer for or on account of, or in trust for any other province " and so forth. Is it not generally a cover for everything in the way of public money?

A. Revenue or public money, yes. Any revenue or public money would be included no matter what source it arises from.

Q. It would cover pretty generally all the public money ?

A. It relates to all the public revenue that comes into our hands.

Q. You have been referred to the recommendations filed as Exhibit "9" will you say if those recommendations were made in the ordinary way ?

A. Yes.

Q. By the proper officer ?

A. By the proper officer.

Q. And they were approved by you ?

A. They were.

Q. Now was the payment of the amount in question, the one hundred and seventy-five thousand dollars (\$175,000.00) made in the ordinary way ?

A. It was made by cheque.

Q. And in a proper manner so far as your department was concerned ?

A. Entirely.

Q. You have been referred before to two items that were paid, one for fifteen thousand dollars (\$15,000) and the other for twenty five thousand dollars (\$25,000) to meet the claims of men employed by the Baie des Chaleurs Railway Company, or public contractors ; will you say from what funds those claims were paid ?

A. From the Consolidated Railway Fund.

Q. Those items had reference I suppose to the item of fifty thousand dollars (\$50,000.00), that you mentioned in your cross-examination ?

A. So I understand.

Q. You stated that Mr. Garneau had spoken to you at first about the claim of fifty thousand dollars (\$50,000.00) ?

A. Yes he stated that the claim would amount to fifty thousand dollars (\$50,000.00), as I understand the two payments of twenty-five and fifteen thousand dollars and also one of fifteen hundred dollars were to be used in discharging these claims.

Q. When Mr. Garneau spoke about the claim of fifty thousand dollars, had it any reference to Mr. Armstrong's claim ?

A. He did not mention what claims they were.

Q. You understood that at the time the amount had reference to the claims made by parties, who had been working on this line ?

A. I knew nothing about the claims at all, because they did not come under my department at all.

Q. You stated before any such payments were made warrants had to be issued ?

A. Yes, Sir, warrants had to be issued.

Q. Will you say whether warrants were issued in this cause for every item paid by you ?

A. All payments paid by the Treasury department are paid with warrants.

Q. And so warrants were issued for the seventy-five thousand dollars (\$75,000.00), and one hundred thousand dollars (\$100,000.00), as well as for the fifteen thousand and the twenty-five thousand dollars ?

A. They were.

Q. By whom issued ?

A. They were prepared in the Treasury Department, and signed by the Deputy Lieutenant Governor.

Q. In the ordinary way ?

A. In the ordinary way.

Q. And that officer had authority for that ?

A. He was appointed, for that purpose.

By Hon. Mr. Justice Davidson :—

Q. Are they here ?

A. No Sir. I will produce them however, they are on the list.

By Mr. Béique :—

Q. Now, will you say why you did not pay the one hundred and seventy-five thousand dollars, in the same way as you paid the items of twenty-five thousand and fifteen thousand dollars ?

A. Because we had not money enough in the Treasury to do it.

Q. If you had had the money you would have paid it in the same manner ?

A. Yes Sir.

Q. The Budget Speech was shown you in your examination will you state at what it was delivered ?

A. Well it says in this book that it was delivered on the fifth of December, one thousand eight hundred and ninety (1890) and I suppose it was.

Q. You know that it is an official document ?

A. I have no doubt that it is correct.

Q. Will you turn to the Journals of the Legislative Assembly, page 220, for the 1890, and say, if you find therein an introduction of resolutions having reference to subsidy of the railway in question, and say at what date such resolutions were introduced into the Legislative Assembly ?

A. I find them as if introduced on the twenty second December.

Q. Some seventeen days after the speech ?

A. Yes, Sir.

Q. Now will you turn to page 300 of the same Journals and say if you find there these resolutions were adopted on the 27th of December ?

A. Yes, Sir.

Q. Now the act 54 Victoria, Chap. 88. was passed on these resolutions ?

A. I cannot answer that distinctly, but I presume it was.

Q. You have the resolutions ?

A. Yes.

Q. Did you find in those resolutions the text of section "J" of the Act 54 Victoria chap. 88 ?

A. Yes I find the same provisions in the resolutions that there are in the bill ?

Q. And the bill in question was passed on those resolutions ?

A. I presume so but I have nothing to do with that ?

Q. Do you not find that on page "247" of the same Journals ?

A. Yes, Sir.

Q. That was the day in question ?

A. Yes, Sir.

Q. You have stated that on the twenty-eighth day of April, both Mr. Armstrong and Mr. Thom expressed urgently that the letters of credit be issued for the payment of one hundred and seventy-five thousand dollars ?

A. Yes.

Q. They so expressed this to you ?

A. Yes Sir.

Q. You did not meet them together at the same time ?

A. No.

What reason did they assign for their urgency ?

A. I understood Mr. Thom's reasons, which were expressed to the Commissioner of Public Works, that his syndicate or people would not wait, and Mr. Armstrong told me that if the matter was not settled that day Mr. Thom would leave.

Q. And that was expressed by Mr. Thom to Mr. Garneau himself in your hearing?

A. That is my recollection of it.

Q. That if the matter was not closed on that day, he would leave and give up the negotiations?

A. I did not hear him, say that positively to Mr. Garneau, that is Mr. Thom—Mr. Armstrong stated that—Mr. Thom stated that his people would not wait any longer as I understood him.

By Mr. Hall:—

Q. You were asked to read a portion of the Order-in-Council referring to the proposition of Mr. Thom, and I think you were asked to quote from page "8" of the official correspondence, where you translated a portion, the first part of the clause of the connecting clause of the Order-in-Council; now will you look at page nine and state, if the first condition or clause in that Order-in-Council was, that Mr. Thom or somebody else was to reorganize the Baie des Chaleurs Railway Company—just read it?

A. I translate it. "first condition, re-organize the Baie des Chaleurs Railway Company."

Q. And then follow four other conditions?

A. Yes, the other conditions follow.

Q. Then at the end of this clause there are what are termed conditions of the Order-in-Council; well just read us the first few lines, of the first part of those conditions?

A. "That the Government engages to pay to the Company a subsidy of eight hundred thousand (800,000) acres of land created by the statute 54 Vict., chap. 88, converted into money."

Q. So the obligation on the part of the Order-in-Council was that the eight hundred thousand acres of land converted, was to be paid to a company, not to Mr. Thom or any individual?

A. That is the engagement.

Q. Were you aware also that at the first session of the Legislature held during the year one thousand eight hundred and ninety, a bill was introduced by the Government, giving the Lieutenant-Governor in Council power to incorporate railway companies?

A. No, I am not aware of it personally.

And thereupon the Commission adjourned until two P.M.

2 o'clock P. M., 21st October 1891.

PHILIPPE BENJAMIN DUMOULIN, Manager of La Banque du Peuple, at Quebec, aged 35 years, being duly sworn, doth depose and say:

By Hon. Mr. Justice Jetté:—

Q. Mr. Dumoulin, you are the Manager of la Banque du Peuple, at Quebec, are you?

A. Yes, Sir.

Q. For some time; you were so in the month of May last?

A. Yes, Sir.

Q. You were asked, I think, in the month of May last to discount Mr. Vallière's promissory note with certain security, were you not, a note for twenty thousand dollars (\$20,000)?

A. On the sixth of May last.

Q. Who asked you for this discount?

A. Mr. Vallière came to the office with Mr. Ernest Pacaud and the Honourable Charles Langelier; and presented me for discount a promissory note of Mr. Vallière to the order of Mr. Ernest Pacaud for the sum of twenty thousand dollars (\$20,000), and Mr. Vallière had a cheque for a similar amount signed by Mr. J. C. Langelier, commissioner, upon the Union Bank, and which was to be paid by the Union Bank about the tenth of July, and I was to apply the sum which I would receive from the Union Bank in payment of the cheque to the settlement of Mr. Vallière's note.

Q. You discounted that note for twenty thousand dollars (\$20,000)?

A. Yes.

Q. The cheque for twenty thousand dollars (\$20,000) was given as security for the payment?

A. Rather as security in favor of Mr. Vallière than for the Bank. I declared to Mr. Vallière that I was satisfied of his solvency, that I would discount his note and would take the cheque for his personal security, that I would collect it for him and would pay the note and the amount of the cheque.

Q. Had not Mr. Vallière at the time a letter from Mr. Webb, the Cashier of the Union Bank, stating that the cheque would be paid on the tenth of July, as soon as the letter of credit had been paid?

A. No, not at the time; I remarked to Mr. Vallière that if he had a letter from the Union Bank in that sense the security would be more complete. Thereupon, he asked the Union Bank for a letter on those terms, and I received it a few days later.

Q. Have you kept those various documents annexed to the twenty thousand dollars (\$20,000) note?

A. Yes.

Q. What sum did the discount of that note for twenty thousand dollars (\$20,000) realize?

A. Nineteen thousand seven hundred and twenty dollars (\$19,720).

Q. You did not make a copy of your books respecting this discount, did you?

A. For the Royal Commission?

Q. Yes?

A. No, Sir.

Q. What you find in that volume shown to you is the copy of the statement which you made for the inquiry before the Senate?

A. Yes, Sir. This is what I produced before the Senate. It is an extract from the Discount Ledger. I discounted on the sixth of May Mr. Vallière's note endorsed by Mr. Pacaud or rather Mr. Pacaud's note endorsed by Mr. Vallière; that note became due on the eighteenth of July, and it was paid on the tenth of July by the payment of the cheque for twenty thousand dollars (\$20,000) upon the Union Bank; the proceeds were nineteen thousand seven hundred and twenty dollars (\$19,720), the discount two hundred and eighty dollars (\$280), that is seventy three days interest at seven per cent.

Q. You gave credit in your books, I suppose, for the sum of nineteen thousand seven hundred and twenty dollars (\$19,720)?

A. Yes.

Q. To whom ?

A. To Mr. Ernest Pacaud.

Q. Had he a regular account in your bank ?

A. Yes.

Q. Then, this was placed to his credit in his regular account ?

A. Yes.

Q. That was on the sixth of May ?

A. Yes, on the sixth of May last.

Q. Now, can you say how this sum was withdrawn from your hands ?

A. I would require to see the exhibit I produced before the Senate, Mr. Pacaud's account from the sixth of May to the third of June.

(The exhibit is shown to the witness.)

On the fifth and sixth of May Mr. Pacaud had to his credit two hundred and nineteen dollars (\$219); on entering the nineteen thousand seven hundred and twenty dollars (\$19,720) there remained only the sum arising from the note endorsed by Mr. Vallière,. On the sixth of May he drew on the bank three cheques, one for five thousand dollars (\$5,000), one for one thousand dollars (\$1,000), and one for two thousand one hundred and fifty dollars (\$2,150). I cannot say who drew the money from the bank and to what it was applied, I absolutely know nothing about that ; I find that Mr. Pacaud had signed cheques on us that day for that amount.

Q. That is really a copy of your books ; it was made for the inquiry before the Senate Committee ?

A. Yes. I produce as **Exhibit No. 47**, a statement of account between the Banque du Peuple and Mr. Pacaud, from the sixth of May to the third of June.

Q. Do you not find in that account which you produce, that there are a certain number of cheques which were drawn by Mr. Pacaud on the bank ?

A. Yes, Sir.

Q. You can say nothing as to the application of the sums which are mentioned in those different cheques ?

A. No, Sir.

Q. Have you those cheques in your possession, has the bank got them ?

A. No, Sir.

Q. Were they returned to Mr. Pacaud ?

A. Yes.

Q. Can you state at what date they were returned ?

A. I think it was on the sixth of August that Mr. Pacaud signed a receipt to the bank, and I think that the cheques were sent to him the next day, the seventh. He came on the sixth, he signed a receipt, and on the next day I think the bank returned him his cheques.

Q. Was that returning of his cheques made in the ordinary course of business, as it is usually done ?

A. Yes.

A. Was it Mr. Pacaud's custom to withdraw his cheques ?

A. I think so ; Mr. Pacaud withdrew his cheques a year previously, in the month of September, I think, on the eleventh of the month,

Q. Was it Mr. Pacaud himself who went for his cheques ?

A. Yes, because it was he who signed the receipt.

Q. What officer of the Bank returned the cheques to Mr. Pacaud ?

A. I think it was the cheque acceptor, a Mr. Gagnon, but I am not positive.

Q. Can you ascertain that and send us the clerk who returned the cheques to Mr. Pacaud ?

A. Yes. That clerk is just now seriously ill with typhoid fever, he cannot appear before the Commission, but I can always ascertain if it was he who returned the cheques.

Q. And if it was not he you will send us the person who did so ?

A. Yes.

Q. Can you also procure us a copy of the receipt ?

A. You should have it among the Senate exhibits.

Q. Will you see in whose handwriting it is ?

A. This is a copy of the receipt which Mr. Pacaud gave on the sixth of August. It is a copy certified by the accountant of the bank, Mr. Labadie ; it is a correct copy.

Q. Only it was not Mr. Labadie who returned the cheques, he simply certified the copy of the receipt ?

A. Mr. Labadie took the original receipt, made a copy of it and certified it.

Q. But it was not Mr. Labadie who returned the cheques ?

A. No, I do not think it was he.

Q. He merely certified that copy ?

A. He made the copy himself.

Q. And he certified it ?

A. He certified it.

Q. Then, will you ascertain who took this receipt and returned the cheques ?

A. Yes.

Q. Did you, when you discounted the notes, do it of your own will or did you consult your superior at Montreal, the general Cashier ?

A. Mr. Vallière is a regular customer of the bank, and I was authorized to advance money to him. That is why I discounted his note rather than discount Government securities, as in the other case I would have had to take communication of the Order in Council approving Mr. Langelier as commissioner and authorizing the issue of a letter of credit, the bank solicitors would have had to be consulted and the matter referred to Montreal ; in discounting Mr. Vallière's note I put all that to one side and I had been previously authorized to discount for Mr. Vallière.

Q. Had there been question before, had you been asked to discount a letter of credit or something of that kind ?

A. No. To the best of my knowledge they came to the bank on the sixth and I at once discounted the note.

Q. Was that the first time you were asked.

A. Yes.

Q. You had no conferences with any one previously ?

A. No, I think not.

Q. Was no other request made to you but to discount this note of Mr. Vallière's ?

A. No.

Q. Then the proposal was made directly to you in that way ?

A. Yes.

Q. You did not suggest the procuring of a note from a customer of the bank. You were not asked first to discount a cheque.

A. They came with the note and cheque.

Q. Now, you gave the discount, as you say, of your own motion, because you had been authorized to make advances to Mr. Vallière ?

A. Yes.

Q. But, after having given the discount, did you report to the head office at Montreal ?

A. Yes. The amount being large I at once wrote to the cashier, informing him that I had that day discounted a note for twenty thousand dollars (\$20,000) for Mr. Vallière, and that Mr. Vallière had a guarantee from the Government which he left with me, which I would myself collect on the tenth of July, and that the proceeds would be applied to pay Mr. Vallière's note.

Q. Had you at the time in the bank any promissory notes, which were due to the bank from Mr. Pacaud or by any other persons, which bore Mr. Pacaud's signature ?

A. I did not refer to my books on that day ; but when Mr. Pacaud asked for the discount, as I said to Mr. Pacaud that I was short of funds to advance him twenty thousand dollars (\$20,000), he remarked that the proceeds of the discount were to pay promissory notes coming due gradually between that date, the sixth of May, and the third of June, and that among others there was a note for five thousand dollars (\$5,000) payable at the Banque du Peuple ; that consequently I would only have to disburse fifteen thousand dollars (\$15,000). But later, when I was called upon to give evidence before the Senate, I searched my books and I could only trace seventeen hundred dollars (\$1,700) of notes which Mr. Pacaud had put in place of the five thousand dollars (\$5,000) which he had mentioned.

Q. Can you enumerate these seventeen hundred dollars (\$1,700) which you traced ?

A. There is an exhibit which was produced before the Senate which gives that ; but I think I remember it was a promissory note for one thousand dollars, (\$1,000).

Q. Was there not first a promissory note of Mr. Carrier for four hundred dollars (\$400) ?

A. Yes.

Q. A promissory note of Mr. James Carrell for one hundred and fifty dollars (\$150) ?

A. Yes.

Q. Endorsed by Mr. Pacaud ?

A. Yes. A promissory note of Mr. Deschênes for one hundred and fifty dollars (\$150).

Q. Also endorsed by Mr. Pacaud ?

A. Yes.

Q. And a promissory note of Mr. Tarte for one thousand dollars (\$1,000), endorsed by Mr. Pacaud ?

A. And by the Honourable François Langelier.

Q. Was not this last promissory note of Mr. Tarte refused the first time you were asked to discount it ?

A. Yes, Sir.

Q. Why did you afterwards discount it ?

A. I had every confidence in Mr. Tarte, but I was not authorized to make advances on his name. Then I was asked if I would accept the note endorsed by the Honourable

François Langelier ; I said yes. The note was shortly afterwards brought to the bank and I discounted it.

Q. Will you ascertain if, according to the statement you produced before the Senate Committee, Mr. Carrier's note four hundred dollars (\$400) came due on the sixth of May?

A. Yes.

Q. It was paid on that day out of the nineteen thousand seven hundred and twenty dollars (\$19,720)?

A. Apparently out of those funds.

Q. What was the date of that note?

A. I have the due date here, it was the sixth of May, the date of payment; it was paid on the sixth of May, the day it became due.

Q. Now, Mr. Carrell's note was due on the eighth?

A. It was due on the eighth, but was paid on the sixth of May.

Q. Mr. Deschênes' note was due on the thirty-first of May?

A. Yes, Sir.

Q. It was paid on the eleventh?

A. Yes, Sir.

Q. Mr. Tarte's note was due on the third of June?

A. Yes, Sir.

Q. And it was paid on the eleventh of May?

A. The eleventh of May.

This statement is produced as **Exhibit No. 49.**

Q. I suppose that it is not a rule in your bank that promissory notes are paid in advance, before they become due?

A. No.

Q. It is exceptional?

A. It is exceptional.

Q. And it was exceptional on this occasion?

A. Yes, Sir.

Q. I see in your deposition before the Senate that there had been question, when you discounted this note of Mr. Vallière's, of a deposit that should be made by the Government in your bank; will you tell us what was said on that occasion?

A. I thought that I should take advantage of the occasion and ask Mr. Langelier to make a deposit in the bank as they were on the eve, at least I supposed so, of receiving large sums from Europe. I asked Mr. Langelier if he would not deposit fifty thousand dollars (\$50,000) in the Banque du Peuple, and I thought that Mr. Langelier answered me in the affirmative, promised me the deposit; I took his answer for a promise to deposit fifty thousand dollars (\$50,000) in the bank; but I had asked Mr. Langelier the same thing before; I never lose a chance to canvass the Ministers on that point.

Q. Did you make the request a condition of the discount which you gave this twenty thousand dollar (\$20,000) note?

A. No.

Q. You simply took advantage of the occasion to ask for a deposit?

A. I thought I would have more influence in that case than at another time.

Q. Have you a copy of the letter which you wrote Mr. Bousquet respecting that discount?

A. I produced a copy before the Senate.

Q. Will you produce before us the copy which you produced before the Senate ?

A. This is the copy of the letter which I wrote on the sixth of May.

Q. It is a correct copy, is it not ?

A. Yes, Sir.

Q. You have no objection to produce it ?

A. No. I produce it as **Exhibit No. 50**.

Q. Did Mr. Charles Langelier enter the bank on that occasion at the same time as Mr. Vallière and Mr. Pacaud ?

A. Yes, Sir.

Q. Mr. Langelier remained with them during the whole time of the negotiations ?

A. Yes, Sir.

Q. Were you aware that a few days afterwards Mr. Charles Langelier deposited three thousand dollars (\$3,000) in your bank ?

A. No. I knew of the deposit only later, on my return from Ottawa, on referring to my books with the delegates from the Senate and the Honourable François Langelier, in the month of August, I think.

Q. Mr. Charles Langelier had an account in your bank ?

A. Yes, Sir.

Q. Then he made deposits from time to time ?

A. Yes, and he drew from time to time.

Q. Will you examine this exhibit and state if it is really the bordereau of the deposit which was made in your bank on the eleventh of July, eighteen hundred and ninety-one (1891) ?

A. Yes, Sir, that is the original.

Q. It is a deposit of how much ?

A. It is a deposit of three thousand dollars (\$3,000) to the credit of the Honourable Charles Langelier of the eleventh of July.

Q. Does that deposit appear to have been made by Mr. Charles Langelier himself ?

A. It was very difficult for me at the Senate to say if it was written by Mr. Langelier ; I could not swear it positively but I thought I recognized his writing ; but I cannot say if it was written by him. It is written in pencil and very quickly, apparently, so that I cannot say if it was he.

Q. In any case, his name is at the foot as if he had made the deposit ?

A. I see only his name at the foot.

Q. Now, will you tell me what bills were deposited on that occasion ?

A. Ten bills of one hundred dollars (\$100) and four bills of five hundred dollars (\$500.)

Q. Have you any means of ascertaining whether these bills were Union Bank bills or bills of other banks ?

A. No.

Q. You cannot see from any entry in the books of your bank ?

A. No, no entry shows whether these are Montreal Bank or Union Bank bills or bills of any other bank.

Q. Can you not know from the accounts that you settled with the various banks, with the Union Bank for example ?

A. No, it is impossible to know from the exchanges.

Q. But on the clearing statement that you had with the Union Bank on that day could

François Langelier ; I said yes. The note was shortly afterwards brought to the bank and I discounted it.

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A. Yes, Sir.

Q. Were you aware that a few days afterwards Mr. Charles Langelier deposited three thousand dollars (\$3,000) in your bank ?

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A. No, it is impossible to know from the exchanges.

Q. But on the clearing statement that you had with the Union Bank on that day could

you not see if there are more than four notes of five hundred dollars (\$500) for exam

A. No, I might see if we had deposited on the next day bills of five hundred d (\$500) or of one hundred dollars (\$100) but I could not say

Q. That they came from Mr. Langelier's deposit?

A. Yes.

The bordereau just mentioned is produced as **Exhibit number 51**.

Q. Can you say whose are the initials in red pencil on the bordereau?

A. Yes, they are the initials of the receiving teller.

Q. His name, please?

A. Mr Joseph Gagnon was the receiving teller on that day,

By Mr. Casgrain :—

Q. Mr. Dumoulin, did not the Banque du Peuple, on the eighth of May receive a ce sum in Banque Nationale Bills, or the Banque Nationale returned to the Banque du Pe certain number of Banque du Peuple bills?

A. Yes, we receive some every day.

Q. But on the eighth of May particularly, did you not receive some, from the Ba Nationale?

A. Yes.

Q. Please say what was the amount of your bills you received on that day from Banque Nationale.

A. I would require to look at the Senate exhibit to say that.

(The exhibit is shown to the witness.)

Q. You named a sum of seven thousand nine hundred and twenty dollars (\$7,920 also a sum of two thousand six hundred and sixty five dollars (\$2,665).

A. Yes.

Q. On the eighth of May?

A. Yes, sir.

Q. Can you give us the denomination of these bills?

A. No, I have n't it here.

Q. Have you it somewhere in your books?

A. We generally have it, I can give it to you.

Mr. Casgrain :—

I would request that the witness be asked to produce a statement.

The order is given.

A. I now produce the *bordereau* as **Exhibit No. 52**.

By Mr. Casgrain :—

Q. Now, Mr. Dumoulin, will you please repeat the conversation that took place in office between you and Mr. Charles Langelier, respecting the deposit of fifty thou dollars (\$50,000).

A. I asked Mr. Langelier for a deposit of fifty thousand dollars (\$50,000), and I u stood that he promised to make a deposit of fifty thousand dollars (\$50,000).

Q. Will you please, listen to the reading of your deposition on this subject befor Senate.

At page forty-five (45) you say this :

" Q. Now, this letter (Exhibit 26), is the extract from Exhibit 27. Would you be kind enough to read the extract which you omitted from No. 26. Read it in English, please ?

" A. The inconvenience I saw in making this transaction was the stringency of funds in which I am. I at first refused for this reason, but the Hon. Charles Langelier, who accompanied Mr. Vallière, promises me a deposit of \$50,000 upon the proceeds of the loan, and this besides the amount that you expect to receive yourself. Under the circumstances, I decided to make the transaction."

Now, at page 47, the following is found :

" Q. I do not want to ask too many questions. Tell us, please, what took place and what part Mr. Langelier took ?

" A. He did not take a great part, I think ; he made me a promise of the deposit of \$50,000. I asked him for that.

" Q. If you put this transaction through ?

" A. No. I decided to advance the money, but I told him we were short of money, and as they were going to receive a large amount because they were making a loan, I would expect to have a deposit made in my branch of at least \$50,000, and upon that he gave me the promise to make the deposit. That decided me altogether to make the advance, but I believe it was not my principal reason ; I would have made the loan on account of Mr. Vallière being one of our customers.

" Q. When Mr. Langelier gave you the promise, on your asking him, that the Government would deposit \$50,000, you decided to let the loan go through ?

" A. That was one of the reasons ; but I declare I would have discounted the note all the same, Mr. Vallière being one of our customers. But I was glad to be able to announce to our cashier that we were going to receive such a deposit. I was working in a business way.

" *By the Hon. Mr. Tassé :—*

" Q. For how long was that deposit to last ?

A. Nothing was said about that. I was going to try to keep it as long as I possibly could, but nothing was said

" Q. For how long did you expect that deposit to be kept ?

" A. For some time.

" Q. For how long ?

" A. For three or six months or a year or two possibly."

Q. Is that what you said before the Senate ?

A. Yes.

Q. And what you said before the Senate was the truth ?

A. Yes.

Q. Now on the day in question, before writing to Mr. Bousquet, I think you had made the report which you make daily to your chief in Montreal had you not ?

A. No, that was a report I made, because the amount was large ; but I was not bound to make it, I might have dispensed with it.

Q. Do you not make daily reports to your chief in Montreal ?

A. A formal report, but not a special report.

Q. The formal report which you had to make, was made before you wrote to Mr. Bousquet ?

A. No, it was made the next day.

Q. If you make one every day, you must have made a report on that day apart from the letter which you wrote Mr. Bousquet informing him of what I have just told you ?

A. The usual report was made the next day ; it is always made the next day.

Q. But on that day you made one ?

A. For the previous day.

Q. And it was after you had made the report for the previous day, that you wrote Mr. Bousquet ?

A. The formal report is made by an officer of the bank, it is then submitted to me and I note it. The letter in question was a special report.

Q. Are the contents of that letter to Mr. Bousquet, which you produced a moment ago absolutely true ?

A. Well.....when I wrote the letter, I took great care to state matters as they actually were, I think that all the essential parts as to the merits of the transaction are absolutely correct. Now I gave to Mr. Bousquet a reason which determined me in taking the discount which was not the chief reason. In writing that I was not so careful as in giving my evidence under oath. I see now that my letter misled Mr. Bousquet on this point. It was a matter that had no importance for the bank at the time, no value for the bank, at the time.

Q. Do you know Mr. Carrier who had a promissory note for four hundred dollars ?

A. Yes, Sir, it is Mr. Achille F. Carrier, member for Gaspé in the Legislative Assembly.

Q. You also know the Mr. Deschene, whose name is on the list which you produced, having a promissory note at your bank for one hundred and fifty dollars ?

A. I am not as positive for Mr. Deschene, but I think he is the member for l'Isle without being as certain as in the other case.

Q. Mr. F. Langelier who had endorsed Mr. Tarte's promissory note, is the Honourable François Langelier ?

A. Yes, Sir.

Q. Member of the House of Commons ?

A. Yes, Sir.

Q. Now, I wish, that you would please give me the date of that promissory note, I do not know if you have given it, it is not mentioned in the exhibit. Can you give me the date ?

A. Yes, by referring.

Q. The date of Mr. Carrier's note..... of the four notes.

A. Yes.

Q. Now, Sir, you have some way in your bank, from the books, of stating how the notes in question were paid, the notes I have just mentioned to you ?

A. We have no absolutely certain means, but I see Mr. Pacaud drew cheques, which correspond to the amounts of these notes, on the day that these notes were paid and I think Mr. Pacaud paid by means of cheques, out of those cheques which were the proceeds of the discount of Vallière's note for twenty thousand dollars. On the day that note was discounted, there was a balance, I think, of three hundred and sixty dollars, and out of that balance Mr. Pacaud had.....

Q. The balance that he had on the fifth or the sixth of May, was two hundred and nineteen dollars and sixty-nine cents (\$219.69) ?

A. Yes.

Q. Can you tell us whether these notes which I have just mentioned, were original notes or renewal notes ?

A. I think that the four hundred dollars note, and the thousand dollar note had not been renewed. I think so, I am not positive.

Q. The other two ?

A. I do not know.

Q. You do not know ?

A. No.

Q. You should have in your bank a book by which you could tell ?

A. Doubtless.

Q. I would ask you to take a note of that and give me that information ?

Mr. Béique :—

We have no special objection, but I think it is our duty to call to the attention of the Commission that these facts go entirely beyond the limits of the enquiry. What is now in question has absolutely nothing to do..... of what moment is it that Mr. Carrier's or Mr. Dechene's notes were paid out of the money, and that it was a renewal, what of that ? That does not concern the inquiry which Your Honours are called upon to make.

Hon. Mr. Justice Jetté :—

We have already decided that we should inquire into the application of these funds. It may happen that the facts that will be proved may be of no importance, but it is better that they should be established, leaving it to be hereafter determined whether they are of importance or not.

Mr. Béique :—

It is established by the witness that these cheques were given to pay that. Now, whether they be renewals or not... if my learned friend will show that that has anything to do with the matter I have no objection...

Hon. Mr. Justice Jetté :—

I do not see that the objection is founded, although at first sight it is plausible ; I think better to allow all possible latitude.

By Mr. Casgrain :—

Q. As to the deposit made in your bank in the name of Mr. Charles Langelier, for three thousand dollars on the eleventh of July, can you tell me if Mr. Charles Langelier drew against it ?

A. Yes Sir.

Q. He drew against it ?

A. Yes, Sir.

Q. Mr. Dumoulin about that date, between the twenty eighth of April and the eleventh they were there at your bank promissory notes, having Mr. Ernest Pacaud's name on them, or than those you have already spoken of ?

A. I am not aware of any.

Q. Have you not a book in your bank by which that could be ascertained?

A. Yes, Sir.

Mr. Casgrain :—

I would ask, that the Commission be pleased to order the witness to refer to his book and even, if necessary, to bring them here so that we may establish this fact.

The Witness :—

From the twenty eighth April?

By Mr. Casgrain :—

Q. From the twenty eighth April to the eleventh of July?

A. Well, the funds, which I placed to Mr. Pacaud's credit when he discounted the notes were withdrawn between the sixth of May and the third of June. So that the notes which were taken later, in the month of July, have no connection with those funds.

Q. Up to what date?

A. Up to the third of June.

Q. On the third of June there was no more money in Mr. Pacaud's account, there was only two hundred dollars, I think?

A. I do not wish to disclose the secrets of the bank's customers.

By Hon. Mr. Justice Jetté :—

Q. On the third of June you had a balance of three hundred and sixty dollars?

A. Yes, but I commenced the account on the sixth of May with about an equal amount.

Q. Two hundred and nineteen dollars?

A. Yes.

By Mr. Casgrain :—

Q. After that date, the third of June, when there remained only three hundred and sixty dollars, in Mr. Pacaud's account, there may still have been promissory notes due to Mr. Pacaud to your bank?

A. Yes.

Q. And which were paid later, either by cheque on the Union Bank, or otherwise?

A. Yes.

Q. That is to say that the responsibility of Mr. Pacaud as to these notes or engagements towards your bank, had not ceased on the third of June?

A. I know nothing of it. I might ascertain by my books if after the third of June, Mr. Pacaud had still unpaid notes at the bank. I would not like to give details upon matters outside. I ask the Commission to protect me in this respect.

Hon. Mr. Justice Jetté :—

You may do this, and these gentlemen will probably have no objection: communicate the information you have to give to the Commission and if the information may be disclosed we will allow it; if not, no.

By Mr. Casgrain :—

Q. Now, Mr. Dumoulin, please take communication of **Exhibit No. 47**, and I wish you to take a note of this question. I wish to know whether the following sums were not withdrawn from your bank to pay Mr. Ernest Pacaud's promissory notes, that is to say: May 9th \$1,000; May 11th, \$1,000; May 12th, \$1,000; May 16th, \$7,000; May 18th \$1,000; and whether

ese notes have Mr. Pacaud's name as maker or endorser, and what are the names of the other endorsers and makers of these notes?

(The witness takes a note of the question.)

Q. Now, I wish also to draw your attention to the following question: if these sums were not used to pay notes, I ask you to state if they were not deposited in your bank by means of bordereaux, and in whose name such bordereaux are, and who signed such bordereaux? Will you take a note of that question also Mr. Dumoulin?

(The witness takes a note of the question)

Q. Now, Sir, as to the cheques which were withdrawn on Mr. Pacaud's account, I wish to know if you saw any of those cheques and if you remember any of the names which were on the cheques?

Q. The cheques drawn by Mr. Pacaud.

Q. Yes.

A. No.

Q. You did not see any?

A. No.

Q. Not one?

A. No.

Q. Did you see them when they were withdrawn afterwards?

A. Neither before nor after.

Q. You never noticed them neither before nor after?

A. No.

Q. You had no knowledge of one of them?

A. No, none.

Q. Not one?

A. No.

Q. You do not remember if these cheques were endorsed by one Harris?

A. No...

Q. By one George?

A. You remind me. Mr. Barwick showed me two or three cheques after my first evidence given before the Senate and it seems to me that I saw the name of Mr. Harris on one of these cheques.

Q. Did you see the endorsement of Mr. L. P. Sirois on one of the cheques?

A. I think so.

Q. Mr. Sirois Notary?

A. I think so.

Q. On the cheque for seven thousand dollars?

A. I think it was the cheque for seven thousand dollars.

Q. Did you have any conversation with Mr. Pacaud as to the possibility of the bank making cheques, once the cheques have been returned by the bank to the maker?

A. No.

Q. Are you not accustomed; in your bank, is not some one in your bank accustomed every morning to review the cheques, so as to see where your money has gone?

A. No.

Q. Is there not some clerk in the bank who does that.

A. There is a clerk, a messenger, in the bank who arranges the cheques in any order.

Q. A messenger of the bank ?

A. Yes.

Q. It is not a clerk who does that ?

A. He stamps the cheques to show that they are paid.

Q. What is the messenger's name ?

A. Mr. Fiset.

Q. What is his christian name ?

A. Pierre, I think, I have always called him by his surname for the past six years.

Q. Pierre Fiset ?

A. I think that it is Pierre, I am not sure.

Q. What is the name of the paying teller in your bank. The one who pays the cheques ?

A. Mr. Benoit.

Q. What is his christian name ?

A. Aristide.

By Hon. Mr. Irvine :—

Q. Did you know, when Mr. Pacaud asked for his cheques, and when he gave promissory notes in advance, that he was on the eve of leaving for Europe ?

A. No.

Q. You did not know ?

A. No.

Q. You have since learned it ?

A. I did not know that he had withdrawn his cheques from the bank. I ascertained the fact when I received the subpoena to appear before the Senate. I asked for the cheques and was informed that they had been withdrawn, in the ordinary course of business.

Q. Before he left for Europe, you knew that he was about leaving ?

A. I think I knew on the eve of his leaving.

Q. Before leaving, as he in fact left, he had for three months intended to leave postponed his trip.

A. Yes, I had heard some months previously, that he was to go to Europe ; that he told me himself, if I remember well.

By Mr. Amyot :—

Q. Respecting the deposit of fifty thousand dollars, to be made by the local government, it was in the interest of the bank that you wished to have that deposit ?

A. Yes.

Q. You considered it an advantage to have more money at your disposal ?

A. Yes.

Q. If I understand you rightly, you used all the influence you had to obtain the deposit ?

A. Yes.

Q. You had personally asked other ministers for it ?

A. I think I had made the same request to Mr. Shehyn previously.

Q. That was not a thing that you were hiding? You wished to have it? It was an honest and lawful advantage for the bank?

A. Yes.

Q. You were a personal friend of Mr. Langelier and as such thought you could ask him for that?

A. Yes, I was very intimate with Mr. Langelier.

By Mr. Casgrain :—

Q. I suppose that you could produce the statement I asked for, tomorrow?

A. Yes.

By Hon. Mr. Justice Jetté :—

Q. Can you send up tomorrow the clerk who returned the cheques?

A. Yes, if it was not young Gagnon who is sick at home. If it is another clerk, I will send him up tomorrow morning.

Q. You might get him to produce or you yourself might produce the original receipts?

A. Yes.

By Mr. Achille Carrier :—

Q. Will the Honourable Commissioners allow me to put a question to the witness. I am the Mr. A. F. Carrier who was mentioned in the examination of the witness. I wish to ask him the following question. I was not in court just now, but I have been informed that you stated that Mr. Pacaud had retired a promissory note signed by me and endorsed by him, dated the sixth of May last.

A. I did not say what you now state. I said that I thought that it was so. I could not swear that it was so.

Q. Can you say whether before this date you had already discounted notes for me, endorsed by Mr. Pacaud.

A. I think so.

Q. Can you state whether this note was paid before or after it became due?

A. Do you speak of the note produced.

Q. The note for four hundred dollars mentioned a short time ago.

A. It was paid on the date mentioned in the exhibit. The date it became due.

The deposition of this witness is adjourned until the following day.

PIERRE GEORGE LAFRANCE, cashier of the Banque Nationale, being duly sworn doth depose and say :

By Hon. Mr. Justice Jetté :

Q. You are the cashier of the Banque Nationale, are you not?

A. Yes, Sir.

Q. You were so in the month of April last.

A. Yes.

Q. And for several years?

A. Yes.

Q. I understand that you discounted a letter of credit of the Provincial Government for the sum of (\$75,000) ?

A. Yes.

Q. In the month of April last ?

A. On the 28th of April. It passed through our books on the 29th, but the transaction was made on the 28th.

Q. Can you state the circumstances under which you were asked and by whom you were asked to discount these letters of credit ?

A. The request had been made to our president some days previously, I do not remember by whom. I think it was Mr. Pacaud who had questioned him about it. The matter then came up...

Q. The president is Mr. Gaboury ?

A. Yes. On the 28th of... or the 27th... the 28th perhaps, the previous day, we had a meeting of some of the directors at the bank to talk over the matter and to see if the bank would make the discount. We got permission to do so from some of the directors, and it was done as I have said on the 28th.

Q. Did you see any of the ministers with respect to this request ?

A. No, I do not remember that any of the ministers came about the transaction.

Q. Had you any negotiations or interviews with Mr. Webb the cashier of the Union Bank with respect to that matter ?

A. Mr. Webb came to the bank on the 28th April. He came to introduce Mr. Thom who had interests in the new company who had an interest in receiving these funds from the Government.

Q. Respecting the negotiation of the letters of credit was it through Mr. Webb directly between Mr. Pacaud and Mr. Gaboury that the transaction was effected ?

A. I am not certain who first spoke to the president. I think it was Mr. Pacaud, after that Mr. Webb saw our president for that purpose.

Q. Mr. Webb would have seen Mr. Gaboury and not you, It was not you whom he saw

A. Not the first time, no. He came on the 28th to the Banque Nationale and he spoke to us of that transaction on that day.

Q. Did you go to the Treasury department or to the Department of Public Works respecting the discount of these letters of credit ?

A. I went to the Treasury department on the afternoon of the 28th April.

Q. Whom did you meet there ?

A. I met Mr. Machin, the assistant treasurer and I asked him to let me see the letter of credit which authorized the loan of these \$75,000. As the letter was not altogether in the form in which I thought it ought to be, I sent to ask my president to come to the Treasury. In the interval I must first state that our solicitor, Mr. Hamel went up with me to see that everything was correct. In the interval I went to Mr. Garneau's department, the department of Public Works, to ask Mr. Garneau his opinion on the letters of credit, to see if everything was correct, if the transaction was legitimate and correct. Mr. Garneau told me that the transaction was altogether correct and he got Mr. Hamel our solicitor so to understand it.

I afterwards went to the department to wait for the president of the bank, who came up, and then I read him the letter of credit, and upon consideration we there decided make the advance of \$75,000.

Q. You declared yourselves satisfied with the letter of credit as drawn up and declared that the advance would be made ?

A. Yes.

Q. Had you any knowledge at the time that the Union Bank had consented to make a concurrent advance of another sum?

A. Yes, the Union Bank was to take one letter. At first, I do not know if I should say it had promised to take the whole transaction, it was to take the whole amount, from what Mr. Webb had said. On that day the Union Bank was to take \$100,000 and the Banque Nationale \$75,000.

Q. While you were at the Treasury Department awaiting the final drawing up of that letter, did you see any other person who went there, either one of the ministers or one of the parties interested. Was Mr. Thom there?

A. Mr. Thom was there, a part of the time in the Treasury Department I think, that is in Mr. Machin's department.

Q. Was Mr. Webb there?

A. Mr. Webb was there. I do not remember if any of the ministers came in while I was there,

Q. Did Mr. Duhamel come in?

A. I do not remember having seen him.

Q. Mr. Pacaud was the first to look after it. It was he who first spoke to your president?

A. I believe so, I think.

Q. In any case, you left with an official of the department and you went to get the letter signed by Mr. Garneau?

A. Yes.

Q. Then as it was after office hours, you placed the amount of the discount in the letter of credit to the credit of Mr. Langelier, the commissioner, on the following day.

A. The amount was placed to Mr. Langelier's credit on the following day, but the cheque was accepted the day before. On the 28th these gentlemen came down to the Banque Nationale.....

Q. Immediately after obtaining Mr. Garneau's signature to the letter of credit, you went down to the Banque Nationale?

A. Yes, I went down to the Banque Nationale.

Q. What time was it?

A. It was six o'clock at the time. The employees were waiting for me.

Q. Then, the cheques were immediately made to draw out the proceeds of the discount?

A. Not the whole proceeds, but several cheques were given, three or four cheques. The first, the largest is produced.

Q. The amount of the discount was placed to the credit of.....

A. J. C. Langelier commissioner, in his quality of commissioner.

Q. By whom were these cheques drawn and signed?

A. By Mr. Langelier in his quality of commissioner also.

Q. Then Mr. Langelier had been sent for?

A. Mr. Langelier had gone down, yes.

Q. Where did you meet him?

A. I met Mr. Langelier at the bank, I think, the first time. I do not know that I saw him at the department.

Q. Where did you return from Mr. Garneau's?

A. I went down to the bank alone. These gentlemen came down afterwards. I waited for them; Mr. Thom, Mr. Langelier, and Mr. Armstrong.

Q. They were the only three who went there?

A. Yes.

Q. Did you write the cheques yourself?

A. I think that the cheques were made out by Mr. Armstrong.

Q. You have before you different cheques drawn against that letter of credit of seven thousand dollars; will you have the kindness to enumerate, give the dates and amounts?

A. The cheque for \$31,750 is dated the 28th of April 1891 and is written by Mr. Armstrong to the best of my knowledge.

Q. To whom is it payable?

A. Payable to the order of C. N. Armstrong.

Q. And it is signed by whom?

A. Signed J. C. Langelier. It is endorsed payable to the order of A. M. Thom, endorsed by C. N. Armstrong, and then by A. M. Thom.

Q. It was accepted payable.....?

A. It was accepted payable on the 1st of May 1891, by my initials.

Q. I see afterwards that there is: payable on the eighteenth of May; with the initials J. E. P.?

A. Payable on the first of May.

Q. But on the stamp here it is payable on the eighteenth of May?

A. That is an error.

Q. What are the initials J. E. P.?

A. My initials are P. L...The initials of the accountant may be on the cheque, I do not remember.

Q. Have you an accountant whose initials...?

A. If there are initials they must be those of the accountant, J. E. M. or J. E. H.

Q. In the second cheque?

A. I beg your pardon, I do not see the accountant's initials on that cheque. There are only the folios of the account. The second cheque for \$24,000 is of the same date, the eighteenth of April to the order of C. N. Armstrong also, it is endorsed by C. N. Armstrong, Olivier Robitaille and by the Caisse d'Economie.

Q. It seems to have been deposited in the Caisse d'Economie, does it not?

A. It was deposited in the Caisse d'Economie.

Q. And you paid it to the Caisse d'Economie?

A. Yes. It is signed by J. C. Langelier, commissioner. It is endorsed lastly by the Caisse d'Economie.

Q. The third cheque?

A. It is in the same writing, \$16,000, same date, signed by J. C. Langelier, commissioner to the order of C. N. Armstrong. It is endorsed "Pay to bearer" It is endorsed by the Montreal Bank at Quebec.

Q. It probably came to you through the Bank of Montreal?

A. It came through the Bank of Montreal.

Q. By whom is it written?

A. Written by Mr. Armstrong also. There is a cheque for \$111.64 dated the twelfth of April, 1891, signed by J. C. Langelier, commissioner, to the order of C. N. Armstrong, endorsed by C. N. Armstrong. This cheque is in my writing. I wrote it.

Q. Was it paid on the same day or did it come from elsewhere?

A. Mr. Armstrong owed something at the counter, he paid with that.

Q. It did not come to you through your Montreal branch?

A. I beg your pardon. I kept that cheque myself, and I sent it to Montreal. It must be endorsed by Armstrong..... I thought that it had been paid in Quebec, but the amount was paid in Montreal, the balance in Montreal after reimbursing the bank the amount due

Q. You retained the amount of a small note of Duquet's Is there not written on this cheque "To pay Armstrong's note *re* Duquet?"

A. It is not Duquet it is Dayet. Yes. It was a matter of fifty odd dollars. The balance was to go to Armstrong after paying the capital and costs, if any. The last cheque is dated the 13th of July 1891 for the sum of \$2.250. It is in Mr. Langelier's writing I believe. It is signed J. C. Langelier. It is made to the order of James Cooper. Mr. Cooper seems to have endorsed it and it came to the Banque Nationale, through the Bank of Toronto in Montreal.

Q. Of these different cheques there are only three which are dated the twenty-eighth of April?

A. There are only three.

Q. Was the cheque for \$111 which is dated on the twenty-ninth of April made on the same day?

A. It was made on that day the 29th.

Q. The day after?

A. Yes.

Q. Did Mr. Armstrong and Mr. Langelier then return to the bank to make the cheque?

A. They returned to the bank the next morning.

Q. The first three were made and delivered at once to the accountant?

A. They were made the day before and given.....

Q. Was that one dated the thirteenth of July made at the bank, or was it brought to you subsequently?

A. I think it was made at the bank.

Q. On the thirteenth of July?

A. On the thirteenth of July. I do not remember well if that was the date, but I saw Mr. Langelier who was at the bank and wished to draw that balance.

Q. You kept a certain balance?

A. Yes.

Q. For what purpose?

A. It was in case the letter of credit should not be paid on the date fixed, the tenth of July: we wished to retain the interest in advance, a part of the interest.

Q. After the letter of credit was paid, Mr. Armstrong and Mr. Langelier came to the bank to withdraw the balance?

A. Mr. Langelier came alone.

Q. Did he give you a cheque or did he then leave a cheque for Mr. Armstrong, or did he come to ascertain what was the exact balance?

A. That cheque must have been made in Quebec, to bearer, but he must have had it accepted before he sent it to Montreal.

Q. The cheque for \$31,750, have you any means of ascertaining if it was paid to Mr. Armstrong or to others?

A. The cheque was paid to Mr. Thom.

Q. Was it paid at once, or was it placed to Mr. Thom's credit?

A. It was placed to Mr. Thom's credit in our books.

Q. Had Mr. Thom an account, at the time in the bank ?

A. No.

Q. You opened an account for him and gave him credit for that amount ?

A. Yes.

Q. Has he had an account since then ?

A. Not since... after that transaction... Yes he has had some transactions since.

Q. They were placed in the same account ?

A. Yes.

Q. The account is now closed ?

A. The account is now closed.

Q. Now, Mr. Lafrance, you also, I believe as cashier of the Banque Nationale advanced sum of twenty thousand dollars to Mr. Pacaud. Do you remember at what date advance was made and upon what security ?

A. On the fifteenth of May we discounted a promissory note for twenty thousand dollars for Mr. Pacaud, The note was signed by Mr. Pacaud and endorsed by Mr. Val Mr. Philippe Vallière.

Q. Was there any security, any document which assured the payment, or was it the note alone that you discounted ?

A. I can say that we discounted the note alone but there was a cheque signed by J. C. Langelier as commissioner attached to the note.

A. A cheque for the same amount ?

A. A cheque for the same amount which should be with a letter from the Union Bank from the cashier of the Union Bank, stating that he would keep the funds for the amount of the cheque when the letter of credit for one hundred thousand dollars would be paid.

Q. To whom was that letter addressed, was it to you or to Mr. Valliere ?

A. Addressed to Mr. Valliere.

Q. Who asked you to discount that promissory note ; was it Mr. Pacaud or Mr. Valliere ?

A. Mr. Valliere and Mr. Pacaud came together to the bank for the transaction.

Q. Was this amount placed to Mr. Pacaud's credit in your books ?

A. The amount was placed to Mr. Pacaud's credit in our books.

Q. Was there any other person present when these gentlemen asked you to discount that note besides Mr. Pacaud and Mr. Valliere, who went in with them for the transaction ?

A. No, Sir.

Q. Mr. Pacaud has two accounts in your books has he not ? An ordinary account and an account in the savings department ?

A. He had no account before that. He has had none since. Since that transaction is closed he has had none to my knowledge.

Q. Then this discount of twenty thousand dollars was the only transaction which was made with Mr. Pacaud for several months ?

A. It was the only transaction for which he opened an account.

Q. Had you at the time any promissory notes which had been discounted due by Mr. Pacaud or upon which his name was ?

A. We had.

Q. For a certain amount ?

A. For a certain amount.

Q. For a sufficiently large amount ?

The witness does not answer.

Q. Have you any notes that would assist you?

A. I have no exact notes. I know that on the same day one of the five thousand dollar notes was paid, upon which Mr. Pacaud was the promissor.

Q. On the same day as the discount?

A. On the same day as the discount.

Q. Do you remember what names were on that promissory note for five thousand dollars?

A. The note that was paid that day, must have had Mr. Pacaud as the maker, to the order of the Honourable Honoré Mercier, and it was endorsed.....

Q. Were there other endorsers?

A. There were the Honourable François Langelier who was an endorser, the Honourable Charles Langelier and the Honourable C. A. P. Pelletier.

Q. Was the promissory note due when it was paid?

A. It was paid three days before it became due. It was due on the eighteenth.

Q. Was it not dated on the fifteenth of April?

A. Yes.

Q. Then it was a note at one month?

A. It was a note at one month.

Q. Did Mr. Pacaud receive other sums? Did he draw other cheques on that account shortly afterwards, or on the same day?

A. On the same day he drew another cheque for five thousand dollars and another for two hundred and fifty dollars.

Q. Can you say what that cheque for five thousand was for?

A. It was to pay a bill of exchange in Paris in favour of the Honourable Mr. Mercier.

Q. Please examine the document now shown to you and state whether it is the requisition for that bill?

A. This is a requisition for a bill of 25,500 francs on Paris in favour of the Honourable Mr. Mercier, for the value of five thousand dollars at the rate of exchange.

Q. Do you know by whom that requisition is written.

A. By me, at Mr. Pacaud's request. Mr. Pacaud asked me for a bill of exchange. I filled up the requisition myself.

Q. Is it signed by Mr. Pacaud?

A. It is signed by me and Mr. Pacaud per P. L., I placed the name of the person who asked for the letter by me.

Q. I see in the statement produced before the Senate that the balance of that account was drawn out by cheques of which there are no details, a balance of \$9,732; can you give the details of that?

A. I can give no details of these cheques. I only see the amount.

Q. Can you give us the amounts in detail?

A. I have the amounts in detail. I have the details of the account if the court wishes them.

Q. Will you produce that document soon?

A. There should be a copy which was produced before the Senate. I produce it Exhibit No. 53.

It being four o'clock the meeting was adjourned until the following day.

J. BELANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

9th SITTING

On the twenty-second day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President.

“ “ LOUIS FRANÇOIS GEORGES BABY,
“ “ CHARLES PEERS DAVIDSON,

Commissioners

Mr. Béique :—

I think that it is my duty to call the attention of the Commission to an editorial published in the *Etendard* of yesterday in which an account of the evidence is certainly not given very correctly. Here is what the witnesses are made to say “ In addition to what he said at Ottawa, Mr. Webb added details which up to the present were not made public, &c., &c. For instance that Mr. Pacaud had admitted to Mr. Webb that out of the \$100,000 there was \$50,000 for himself personally, \$30,000 to pay Mr. Mercier's notes, \$10,000 for Mr. Langel and \$10,000 for the Attorney General Mr. Robidoux.

I think that it is not all what Mr. Webb said and I would ask the Commission to repeat the very wise recommendations which were made at the commencement of this inquiry. There are also other papers to which I might draw the attention of the Commission in which the evidence is daily travestied in a most unjustifiable manner.

Hon. Mr. Justice Jetté :

You know Mr. Béique as well as we do that the press is not easily controlled.

The comments of the press may leave something to be desired ; but even when we have members of the press regularly before us it is sometimes difficult to treat them as they deserve. We think that especially in a matter of this kind, it is much more difficult than in a matter regularly before an ordinary court to do anything else than to give good advice. If these gentlemen would be pleased to accept it we would be delighted. There is no doubt that a good many comments are lightly made, the evidence is appreciated in a way that

certainly not fair, not fair to the witnesses in the first place, and not fair to those concerned in such evidence; but we find ourselves powerless against the press.

I may add that since the commencement of our labours we have had scarcely time to read the papers.

Mr. Bétique :—

That is the reason that I draw the attention of the Commission to the most salient points.

Hon. Mr. Irvine :—

May it please Your Honours :

Before the Commission commences the business of the day, I have a suggestion to make to Your Honours, which I think will be worth considering.

I do not desire to interfere in any way with the programme of the procedure which Your Honours have adopted, but I would suggest that time will be saved and the length of the Commission shortened, if Mr. Pacaud, my client, could be examined at once.

He is prepared to give all the information he possesses, to show all his cheques and receipts since the \$100,000, came into his hands, and to explain to this Honourable Commission what Your Honours are trying to get from bank clerks and managers, which is certainly if I may so express it, what I should consider to be groping in the dark, to a certain extent, whereas Mr. Pacaud will not only give all this information to the Commission, but will produce all vouchers which he can find. If Your Honours think it advisable, he will produce accounts made, containing full statements of his transactions since the first of March to the present time, and these can be handed to the Commission before his examination, if desired, so that Your Honours can see what items are worth inquiring into. Of course I would not advise him to produce them in the record until his examination takes place. I now make this suggestion to Your Honours, and will be glad to follow whatever you may decide upon.

Hon. Mr. Justice Jetté :—

We believe your suggestion is a very good one, Mr. Irvine. The reason why we did not examine Mr. Pacaud before is this: first we wanted all the documents produced by the bankers upon which the inquiry is to be made and second, we did not examine Mr. Pacaud before, as some of the witnesses have already made statements, and have statements still to make, in which Mr. Pacaud is interested; and we wanted to examine them before we examined your client, in order to give Mr. Pacaud the opportunity of explaining these statements or whatever they were. We thought that it would be the fair way to deal with this business. We have here today, as we understand, a witness, Mr. McDonald, who has arrived here especially to give evidence in this case, and as soon as his examination is over, and the examination of those witnesses who have already been examined and have testified, is over, we will then begin with Mr. Pacaud at once.

Mr. Hall :—

If Your Honours please, I have reduced to writing, the application with reference to order on the telegraph companies, and have here the names of the parties to whom the pages refer of which we wish to have a copy.

Hon. Mr. Justice Jetté : -

This application is granted.

ORDER

22nd October 1

Upon application of J. S. Hall, Q. C. and T. Chase Casgrain, Q. C., it is ordered that the Pacific Railway Telegraph Company, and the Great North Western Telegraph Company retain in their custody and possession, and not dispossess themselves of all telegraph messages or copies thereof which the said company have in their possession, custody and control, sent during the month of April May and June of this present year, between persons whose names follow :

The Honourable Honore Mercier.
 " " Joseph Sheyn,
 " " Jos. E. Robidoux,
 " " David A. Ross,
 " " George Duhamel,
 " " Charles Langelier.

Mr. Joseph A. Mercier
 " Ernest Pacaud.
 " John J. Macdonald.
 " Chs. N. Armstrong.
 " Augus M. Thom.

Until further orders from the Commission.

HENRY T. MACHIN, assistant provincial treasurer, continued his evidence as follows :

By Hon. Mr. Justice Davidson :—

Q. You have some Documents there Mr. Machin I believe?

A. I have brought with me the documents that I was directed to bring. I have brought an Order in Council made in the usual form converting a land subsidy of railway. of the Great Northern Railway Company. A copy of the Order in Council.

Q. It will be filed as exhibit No. 56?

A. Yes, this is for the purpose of converting the land subsidy granted.

Q. You produce it as a form

A. As an ordinary form of an Order in Council which converts a land subsidy into a money subsidy.

Q. Now the next one?

A. I produce next a copy of a form of an Order in Council, authorizing the payment of a subsidy to the Ottawa and Gatineau Valley Railway Company. It is an Order in Council authorizing the payment of a subsidy given to the Ottawa and Gatineau Valley Railway Company.

Q. You produce it simply as a form?

A. Yes sir, as a form in which the Orders in Council are generally made authorizing the payment of a subsidy to a railway.

Q. It will be filed as Exhibit No. 57?

A. I produce next a statement showing the railway companies and the amount of the subsidy granted to each company, that are comprised in the amount of \$756,956.25, mentioned at page 10 of the report.

the Budget speech, delivered on the fifth of December eighteen hundred and ninety (1890),
filed as **Exhibit No. 58.**

Q. Does this amount include the land subsidy granted to the Baie des Chaleurs Railway Company?

A. No.

Q. I suppose it includes the fifty thousand dollars granted for the "Casapedia Bridge"?

A. It does not.

By Mr. Bêique :—

Q. It was seventeen days before the railway resolutions were introduced into the house?

A. Yes sir, this \$756,956.25 does not include the subsidy of 800,000.00 acres of land, nor the amount of fifty thousand dollars granted to the Baie des Chaleurs Railway Company, at the last session of the Legislature. The Budget speech was delivered on the fifth of December eighteen hundred and ninety, and the resolutions I think were on the twenty-seventh, if I recollect rightly. I produce the warrants in payment of the letters of credit as requested by Mr. Hall.

Q. We desire also to see them?

A. There are four altogether and they are filed as **Exhibits "59," "60" "61" and "62"**
No. 59 is the warrant for the \$100,000.

By Mr. Hall :

Q. That is signed at the bottom by Mr. Webb.

A. By Mr. Webb :

" Received the above mentioned sum of \$100,000.

" For the Union Bank of Canada.

" E. E. WEBB,
" Cashier."

That is No. 59.

Exhibit No. 60 is the warrant for the interest?

A. For the interest on the \$100,000.

Q. Signed also by Mr. Webb?

A. Signed also by Mr. Webb. No. 61 is the warrant for the \$75,000. letter of credit which is acquitted by Mr. Lafrance, cashier of the Banque Nationale. No. 62 is the warrant for \$400.68. interest on the \$75,000. and acquitted by Mr. Lafrance, cashier of the Banque Nationale. Now I produce the warrant for the payment of \$1,500., \$25,000 and \$15,000., filed as **Exhibits " 63 ", " 64 " and " 65 "**. 63 is a warrant for \$1,500. 64 is a warrant for \$25,000 and 65 is a warrant for \$15,000. Warrant No. 63 is acquitted by S. Lesage, assistant commissioner of Public Works. No. 64 is a warrant for \$25,000. and is acquitted by J. C. Langelier, commissioner to the Baie des Chaleurs Railway Company. 65 for \$15,000. is acquitted by S. Lesage, assistant commissioner of Public Works. I produce now the letters from the Department of Public Works, requesting the warrant to be issued for \$25,000 and \$15,000.

By Hon. Mr. Justice Davidson :

Q. Are these the originals or copies.

A. These are the originals.

Q. Describe each one.

A. One is the eighth of May, 1891, addressed to myself, H. T. Machin, Esq., assistant treasurer, signed by E. Moreau, director of railways, and filed as **Exhibit No. 66**. The second is a letter from the Department of Public Works dated the 2nd day of July, 1891, addressed to H. T. Machin, Esq., assistant treasurer and signed by E. Moreau, Esq., director of railways and filed as **Exhibit No. 67**, the amount being for \$15,000. I cannot find correspondence with Mr. Thom or any other parties respecting this matter in the department. The statement of the consolidated railway fund I have not had quite complete yet, but on looking over these amounts I am of opinion that there was nothing to the credit of the fund on the 28th day of April. I will produce the statement of the fund when completed.

Q. You have now produced all the warrants that were issued in consequence of Act 54 Vict. chap. 88.

A. I have. I was also asked to state how long Mr. Boyer acted as Treasurer, but I have been unable to find out the exact time when he went away. I have no minute of it in the department, but I know that the Hon. Mr. Garneau was acting as Provincial Treasurer at the time of this transaction, and that Mr. Boyer was absent.

By Mr. Hall :—

Q. Were there any supplementary estimates at the last session of the Legislature?

A. I cannot state what is in the estimates without examining them.

Q. What I want to know is this : In the estimates of last year in the last session of the Legislature, was there any provision made for the payment of this conversion of 800 acres of land?

A. The provision for the payment of subsidies is made by the acts themselves. There is no vote taken for the payment of these subsidies, that is to say : it is not included in the Supply bill, but it is always mentioned in the estimates which are submitted to the House by the Treasurer, who includes them in his estimates. All the items in the estimates not included in the Supply bill, only those for which there is no existing statute authorizing the payment.

Q. Take the book and just verify that now (handing to witness copy of statutes.)

A. There were supplementary estimates for the year 1891.

Q. But not for the year 1891-1892.

A. No, Sir.

And further the deponent saith not.

PIERRE-AUGUSTE LABADIE, of Quebec, accountant of the Banque du Peuple, aged 40 years, being duly sworn, doth depose and say :—

By Hon. Mr. Justice Jetté :—

Q. Mr. Labadie, you are accountant of the Banque du Peuple at Quebec, are you?

A. Yes, Your Honour.

Q. It was you who returned the cheques to Mr. Pacaud ?

A. The cheques were returned to Mr. Edge, an employee of Mr. Pacaud.

Q. Did you return these cheques yourself ?

A. I returned the cheques myself.

Q. You took a receipt at the time ?

A. I have the original here.

Q. That receipt is short, please dictate it to the stenographer ?

QUEBEC, 6th August 1891.

MR. P. B. DUMOULIN,

Manager.

I hereby acknowledge, that the balance, this day, to my credit in the Banque du Peuple, Quebec, is twelve hundred and thirty seven dollars and thirteen cents (\$1,237.13), and that the cheques have been returned to me up to this date the sixth of August instant.

ERNEST PACAUD.

Q. Can you give us a copy of that document ?

A. Yes, Your Honour, I produce a copy as **Exhibit No. 68.**

By Mr. Casgrain :—

Q. Did you see the cheques in question ?

A. Yes Sir.

Q. Did you notice who were endorsers on some of them ?

A. No, we are not in the habit of looking at the endorsements when we return cheques.

Q. Did you see any name on those cheques other than the name of Mr. Pacaud ?

A. Among those cheques there were some promissory notes which had been charged to Mr. Pacaud's account. Notes made by Mr. Pacaud payable at the Banque du Peuple and ordinarily charged, were charged to that account, but I cannot say if there were any.

Q. Do you know what notes, was there not a note of Mr. Tarte's for one thousand dollars (\$1000) ?

A. No, that note was not charged.

Q. It was not charged to that account ?

A. No.

Q. Was there a note for two thousand dollars of Ernest Pacaud's endorsed by Mr. Mercier ?

A. I do not remember that either.

Q. There was a note for one hundred and fifty dollars of Mr. Dechene ?

A. No, I think those notes were paid by cheques.

Q. Then of what notes do you speak when you say that there were notes charged ?

A. Of notes made by Mr. Pacaud to the order of other persons ; these notes when made payable at the Banque du Peuple are charged to Mr. Pacaud's account ?

Q. To whose order?

A. I do not remember, but I know there were some notes.

Q. Can you ascertain? Have you any means in your bank of tracing them?

A. Yes, I think I could trace some of them.

Q. You have what is called the Liability ledger?

A. We have the ledger for current accounts which gives us those names.

Q. Which gave you the name of the promissor and that of the endorser?

A. It does not give us that information altogether, but we can refer to another book to find the details which you ask me.

Q. Is it you or Mr. Dumoulin who are doing that work for the Commission?

A. We worked together at it last evening.

Q. Then Mr. Dumoulin will be here to-day, I suppose?

A. He will be here to-day.

And further the deponent saith not.

PIERRE G. LAFRANCE, Cashier of the Banque Nationale, was recalled, and his examination continued as follows:

By Hon. Mr. Justice Jetté:—

Q. We stopped yesterday, I think, Mr. Lafrance, at the request made to you by Mr. Pacaud for a bill of exchange on Paris for the sum of five thousand dollars (\$5,000), representing twenty-five thousand five hundred francs; apart from these two sums, to the first sum of five thousand dollars (\$5,000), which went to pay a promissory note, and the second cheque for five thousand (\$5,000) for the bill of exchange on Paris, can you tell me the balance of this discount of nineteen thousand seven hundred and thirty two (\$19,732) was applied, that is the balance of nine thousand seven hundred and thirty two dollars and sixty-seven cents (\$9,732.67)?

A. Apart from the note for five thousand dollars (\$5,000) paid that day, and the bill of exchange being the equivalent of five thousand dollars (\$5,000), another draft of two hundred and fifty dollars (\$250) was paid to my knowledge, on the same day, a draft which was paid on the thirty-first of May. It was paid before hand; a draft accepted by Mr. Pacaud. These are the cheques that I have been able to trace; that is to say we trace the value of the cheques, but I cannot say why those cheques were given.

Q. You do not know how the other cheques were applied?

A. No.

Q. By whom was this draft of two hundred and fifty dollars (\$250) drawn? Can you ascertain this?

A. It was a draft drawn by Mr. Beausoleil, of Montreal.

Q. Upon Mr. Pacaud and accepted by him?

A. Accepted by him.

Q. Had this draft been discounted at your bank, or had it been sent from Montreal for collection?

A. I think it had been discounted by our Montreal branch.

Q. And had been sent to you?

A. It had been sent for collection.

Q. There was no other name on this draft ?

A. I do not remember, I do not think there was any other.

Q. I think you stated that you no longer have the cheques mentioned in the account you produced ?

A. The cheques have been returned to Mr. Pacaud, that is to his employee.

Q. Now, the Caisse d'Economie makes its deposits in the Banque Nationale I understand ?

A. Yes, Sir.

Q. Did it deposit, on the sixteenth of May, eighteen hundred and ninety-one (1891), a sum of nine thousand three hundred dollars (\$9,300), and can you state if out of such sum of nine thousand three hundred dollars (\$9,300) there was a sum of seven thousand dollars (\$7,000) represented by a cheque upon the Banque du Peuple ?

A. I think it was on the sixteenth of May. The document must have been produced before the Senate ; if it were shown to me I could identify it.

(The exhibit is shown to the witness.)

I was able to trace only one cheque for seven thousand dollars (\$7,000) ; it was deposited on the sixteenth of May by the Caisse d'Economie in the Banque Nationale, it was a cheque on the Banque du Peuple ; we cannot trace the name.

Q. You say that, on that day, you received in deposit a cheque upon the Banque du Peuple which came through the Caisse d'Economie ?

A. Of seven thousand dollars (\$7,000) ; that cheque must have been deposited in the Banque du Peuple the next day.

Q. Apart from the note for five thousand dollars (\$5,000) which Mr. Pacaud paid on the fifteenth of May, as you have stated a moment ago, did not M. Pacaud also, about the same time, have another note at your bank for five thousand dollars, with the same endorsers, which had become due on the first of May and had been protested ?

A. On the sixth of May a note for five thousand dollars (\$5,000), signed by Mr. Pacaud, was paid ; that bill was due on the first of May.

Q. Had it not been protested ?

A. It had been protested on the first of May.

Q. Do you remember the names of the persons signing and those endorsing it ?

A. The note was signed by Mr. Pacaud and endorsed by the Honourable H. Mercier the Honourable F. Langelier and the Honourable C. A. P. Pelletier.

Q. Do you remember how that note was paid, if it was by cheques or in bank notes ?

A. To the best of my knowledge, this note was paid by Banque du Peuple notes.

Q. On the sixth of May ?

A. On the sixth of May.

Q. Do you remember who paid it ?

A. It was Mr. Pacaud.

The document, which is now produced as Exhibit No. 70, is a copy of the protest in question.

Q. Were you asked to produce other exhibits ? Have you anything else to produce ?

A. I do not remember having any other documents to produce.

Q. Now, to revert to the discount of the letter of credit, you discounted the letter of credit for seventy-five thousand dollars (\$75,000)?

A. Yes, Sir.

Q. Mr. Webb, of the Union Bank, was to have discounted the letter of credit for one hundred thousand dollars (\$100,000)?

A. Mr. Webb was to discount that for one hundred thousand dollars (\$100,000).

Q. You learned later that the Union Bank had declined to discount the letter of credit for one hundred thousand dollars (\$100,000)? Did you not?

A. Yes, Sir.

Q. Were you afterwards asked at the Banque Nationale to discount that letter of credit for one hundred thousand dollars (\$100,000)?

A. We were asked to do so.

Q. Can you state about what time, what date?

A. Some days after the twenty-eighth of April; I do not remember the date exactly.

Q. Do you remember who applied to you?

A. I think Mr. Pacaud came with the Honourable Mr. Langelier to ask us to discount that letter of credit for one hundred thousand dollars (\$100,000).

Q. Was the proposition submitted to your board, or did you yourself answer the application?

A. The proposition came before the board and it was declined.

Q. Some days after the twenty-ninth of April?

A. Some days after these gentlemen came to me to make the application before the president; our president was there.

Q. Now, on the twenty-eighth of April, when you discounted that letter of credit for seventy-five thousand dollars (\$75,000), you stated yesterday that you returned to the Banque Nationale about six o'clock in the evening?

A. Yes, between five and six o'clock.

Q. Now, had the other persons who went to meet you then reached the bank, or did they reach there sometime afterwards?

Q. In what order did they come? Did they all come together?

A. They came together.

Q. It was Mr. J. C. Langelier?

A. Mr. J. C. Langelier, Mr. Armstrong and Mr. Thom.

Q. And it was then that the cheques were prepared?

A. They were prepared in the bank itself, and accepted that day.

By Mr. Casgrain :—

Q. Please refer to **Exhibit No. 69**, and state whether on the same day that the cheque for seven thousand dollars (\$7,000), on the Banque du Peuple, was deposited with you by the Caisse d'Economie, another cheque for one thousand dollars (\$1,000) on your own account came from the Caisse d'Economie to your bank?

A. The *bordereau* mentions a cheque for seven thousand dollars (\$7,000) and a cheque for one thousand dollars (\$1,000) on the Banque Nationale.

Q. Please look at **Exhibit No. 55**, and see whether it is the statement of Mr. Pacaud's account with the Banque Nationale. Do you notice that on the sixteenth of May, Mr. Pacaud had drawn on your bank a cheque for the sum of one thousand dollars (\$1,000)?

A. According to the account a cheque for one thousand dollars (\$1,000) was accepted on that day, the sixteenth of May.

Q. Is that the cheque that came to you from the Caisse d'Economie on the sixteenth of May?

A. I cannot say.

Q. Have you any means of tracing it?

A. No, it is impossible. I could see, for example, whether the cheque was paid on that day; the account mentions the day of the acceptance, it may have been paid several days afterwards; I might say if the cheque was paid that day.

Q. Mr. Lafrance, was there, in connection with the Baie des Chaleurs Railway Company in your bank any other negotiations of letters of credit or other paper of any kind?

A. None other than that for seventy-five thousand dollars (\$75,000) and that for twenty thousand dollars (\$20,000).

Q. That is, the letter of credit for seventy-five thousand dollars (\$75,000)?

A. And the discount of Mr. Pacaud and Mr. Vallière's, promissory note, which was secured by a cheque.

Q. Those were all the transactions which your bank had respecting the Baie des Chaleurs Railway?

A. I have no knowledge of any others.

Q. Was that the only time that Mr. Pacaud went to your bank to discount Government letters of credit?

A. He may have come previously, but not for that matter.

Q. But he had already come for other letters of credit?

Hon. Mr. Irvine :—

That is exactly the question which has already been disallowed, Your Honours.

Mr. Casgrain :—

I do not think that it is the same question as that already put. My object in putting the question is this: If I establish that Mr. Pacaud, under other circumstances, for a long time before the date with which we are now concerned went to the banks with Government letters of credit, got them discounted or attempted to get them discounted, and afterwards distributed the proceeds of these letters of credit, would I not thereby have established a complete agency between Mr. Pacaud and the members of the administration. We have so far, according to me, proved a whole plot from the beginning of March until the letter of credit was given and paid and the money distributed. Well, what I now wish to establish is that there was simply a system, and that in this Baie des Chaleurs matter in particular, the usual mode of operations was followed, and it is for that reason, without entering into details, I wish to put the question.

Hon. Mr. Justice Jetté :—

We do not think we should allow that proof; we think that it would be extending the enquiry, not to particular facts into which we are to inquire, but to a general system which would bring up all the acts of the administration and would extend beyond the limits of the inquiry which we have to make.

By Mr. Casgrain :—

Q. When you went to the Parliament Buildings for the letter of credit for seventy-five thousand dollars (\$75,000), was Mr. Pacaud in the corridors of the building, at Mr. Machi's office door?

A. I did not see Mr. Pacaud in the Parliament Buildings.

Q. But you saw Mr. Pacaud going into the buildings, I think you said so yesterday?

A. When I was leaving Mr. Pacaud was going in.

Q. Where was Mr. Armstrong?

A. Mr. Armstrong, I think, was in the anteroom of the Honourable Mr. Garner's department.

Q. You have spoken of Mr. Langelier's cheques drawn on the seventy-five thousand dollars (\$75,000); where were those cheques prepared?

A. The three large amounts were prepared in the bank itself on the twenty-eighth of April, the one for thirty-one thousand dollars (\$31,000), the one for twenty-four thousand dollars (\$24,000), and the one of sixteen thousand dollars (\$16,000).

Q. Now, when Mr. Pacaud and Mr. Vallière went to the bank to discount the promissory note for twenty thousand dollars (\$20,000), were there any other persons with them?

A. No, not to my knowledge, I do not remember.

Q. Was Mr. Charles Langelier with them?

A. I do not think so.

Q. Did they see the president of the bank, Mr. Gaboury?

A. They may have seen him, but not to my knowledge.

Q. Did Mr. Charles Langelier go into the bank whilst Mr. Vallière and Mr. Pacaud were there that time?

A. I do not remember having seen him.

Q. Now, as to the note for five thousand dollars (\$5,000), which was paid three days before it became due, will you state whether it was a renewal or an original note?

A. It was an original note at thirty days.

Q. When was that note discounted?

A. On the fifteenth of April, a note at thirty days.

Q. Now, will you give me the date of the draft for two hundred and fifty dollars (\$250)?

A. I have no memorandum of the date of the draft.

Q. Can you trace it?

A. I can trace it.

Q. Will you please take a note of it and give us an answer to that as well as the date of the discount of the draft, and you will tell me also, if possible, whether that draft was an original draft or a renewal. Now, the other promissory note for five thousand dollars (\$5,000), endorsed by Messrs Mercier and others, was that a renewal or an original note?

A. The one paid on the sixth of May?

Q. The one that had been protested and was paid on the sixth of May.

A. That was an original note also.

Q. When was that note discounted?

A. The note was dated the twenty-eighth of February; it must have been discounted that day or the next day, about then.

Q. Now, do you remember the conversation you had with Mr. Pacaud when he went to pay that note, which had been protested?

A. Mr. Pacaud, when he came to pay that note, told me that he regretted that the note had been protested, that he had funds to pay it.

Q. Is that all he said?

A. He said he had funds to pay it when due.

Q. And that he had forgotten it?

A. And that he had forgotten it, something like that.

By Mr. Amyot:—

Q. You spoke, Mr. Lafrance, of the sum of twenty-four thousand dollars (\$24,000) which was drawn out of the sum of seventy-five thousand dollars (\$75,000), and deposited in Mr. Olivier Robitaille's name?

A. The cheque for twenty-four thousand dollars (\$24,000) was made to Mr. Armstrong's order and it was endorsed by Mr. Armstrong and Chevalier Olivier Robitaille. That cheque seems to have been deposited in the Caisse d'Economie. I do not know when; it is endorsed by the Caisse d'Economie; I do not know to whose credit that cheque was deposited.

Q. Then, it is the Caisse d'Economie Notre-Dame, Upper Town, that can tell us in whose favor that deposit was made in that institution?

A. I believe so.

Q. As to the cheque for sixteen thousand dollars (\$16,000) also drawn out of the amount coming from the seventy-five thousand dollars (\$75,000), will you say if, according to your books, you can do so, in whose favor that sum was deposited and where it was deposited?

A. That cheque is made payable to Mr. Armstrong's order, who made it payable to bearer by endorsing it: "Pay to bearer. C. N. Armstrong." That cheque seems to have been deposited in the Montreal Bank, at Quebec, who transferred it to the Banque Nationale.

Q. Have you any entry endorsed on the cheque which might further show who benefitted by the amount?

A. I cannot see; we can see nothing by the endorsement.

Q. What is the endorsement; will you read the endorsement?

A. The cheque is to the order of C. N. Armstrong; it was endorsed by C. N. Armstrong with the words: "Pay to bearer. C. N. Armstrong."

Q. What is written underneath that?

A. That is the endorsement of the record.

Q. Then, it is the Bank of Montreal at Quebec that could tell us in whose favor that cheque was deposited?

A. I believe so.

Q. Is Mr. Vallière, of whom you spoke, one of the persons with whom you sometimes do business?

A. Yes, formerly.

Q. Is he known as a good customer of the banks in Quebec?

A. Mr. Vallière is recognized as perfectly good in the business which he does.

Q. In discounting the note with his signature as endorser you took his solvency into consideration; you would have been prepared to advance him that amount on his signature, would you not?

A. Yes.

Hon. Mr. Justice Jetté :—

Q. You have a receipt book in which Mr. Pacaud's receipt is entered ?

A. We have no receipt from Mr. Pacaud in that matter. He came, I believe, the day before to ask me for his cheques and he was prepared to sign a receipt in advance. I told him this: "Send me a letter asking for your cheques and I will give them to the bearer. He said to me: "I will send Mr. Edge with my letter." I received that letter from Mr. Edge, it was produced before the Senate, I now produce it as **Exhibit No. 71**.

Q. Do you remember the date ?

A. It is the seventh of August. This is the letter that was sent to me that day :

" QUEBEC, 7th August 1891.

The cashier of the Banque Nationale.

Please return all my cheques up to this date to bearer. Auguste Edge.

(Signed) ERNEST PACAUD.

There is a receipt in the letter itself.

QUEBEC, 7th August 1891.

" Received from the Banque Nationale twenty-four cheques.

(Signed) AUGUSTE EDGE.

These cheques are drawn on the Banque Nationale by Mr. Pacaud.

(Signed) AUGUSTE EDGE.

Q. Is that the original ?

A. That is the original document. This receipt is produced as **Exhibit No. 71**.

Q. Did Mr. Pacaud explain why he wanted to withdraw his cheques ?

A. I do not remember if he gave me any explanation, only that that he wanted to have them.

Q. He had no regular account in your bank ?

A. That is the only regular account he opened.

By Mr. Casgrain :—

Q. You state that that was the only regular account Mr. Pacaud had in the Banque Nationale ?

A. The account on which he drew his cheques, yes, that was the only one he had.

Q. What do you mean by that ; had he another account ?

A. No, when Mr. Pacaud made any transactions he drew the amount at once and the transactions were then closed.

And further the deponent saith not.

HAROLD SHAW, of the city of Quebec, ledger keeper, aged 17, being duly sworn the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. What is your occupation ?

A. Ledger keeper.

Q. In what bank ?

A. In the Union Bank.

Q. Have you produced the book in which customers sign receipts for cheques withdrawn by them ?

A. Yes, sir.

Q. Turn to a receipt said to have been signed by Mr. Pacaud in August 1891.

(Witness refers to book.)

A. It is not August : it is September 1891.

Q. There is also one in August ?

A. Well, he signed in August, but it is up to the end of July 1891. The receipt is signed by Ernest Pacaud.

Q. There is no date on the receipt ? Read it.

A. " We hereby confirm the statement of our account with Union Bank of Canada to the last day of July, 1891, as contained in their pass-book, and acknowledge receipt of cheques and vouchers the same date. 98 cheques, February 1891 to July 1891 ; 26 Savings Department cheques, February to June 1891.

(Signed) ERNEST PACAUD.

Q. This is the receipt of which the receipt appearing as **Exhibit No. 39.** is a copy. is it not.

Exhibit is handed to witness.

A. Yes, Your Honour.

Q. By whom was this receipt taken and by whom were the cheques mentioned in it delivered to Mr. Pacaud ?

A. I think by the accountant.

Q. Not by you ?

A. No, Sir.

Q. Who is the accountant.

A. Mr. Smith.

Q. Is he here.

B. Yes, Sir.

Q. It is in his hand-writing ?

A. Yes, that receipt.

Q. Turn again to a receipt taken by your bank on or about the tenth October, 1891. In whose hand-writing is this receipt ?

A. Mr. Pacaud's. He signed it.

Q. But the receipt itself ?

A. It is a printed form.

Q. Was it filled up ?

A. It is filled up by one of the juniors.

Q. By whom was this receipt taken, and by whom were the cheques delivered ?

A. By one of the other juniors.

Q. Not by you ?

A. No, Sir.

Q. Then you did not see Mr. Pacaud at all in connection with the delivery of the cheques, do I understand ?

Hon. Mr. Irvine :—

I may say, if it will save Your Honours any time, that we have every one of these cheques and are prepared to produce them all.

And further deponent saith not.

FREDERICK WILSON SMITH, of the City of Quebec, accountant of the Union Bank of Canada, aged 28, being duly sworn on the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. Was it you who delivered the cheque to Mr. Pacaud mentioned in the receipt given about the 10th August 1891?

A. Well, I did not give them to Mr. Pacaud personally ; I handed them to his secretary.

Q. Who is his secretary?

A. Mr. A. Edge.

Q. By whom were they requested?

A. Mr. Pacaud.

Q. Personally?

A. Yes.

Q. Did he give any reason?

A. No, Sir.

Q. By whom was the receipt signed?

A. By Mr. Pacaud.

Q. He called at the bank and signed the receipt. as I understand it and Mr. Edge took delivery of the cheques?

A. Afterwards, yes.

Q. What have you to say with reference to the receipt given about the tenth October 1891?

A. I was not in the office that day.

And further deponent saith not.

AUGUSTIN GABOURY of Quebec, President of the Banque Nationale, aged 51 years being duly sworn upon the Holy Evangelists, doth depose and say :

Hon. Mr. Justice Jetté :

Q. You are the president of the Banque Nationale?

A. Yes, Sir.

Q. For some years?

A. For the past two years.

Q. You were aware of the discount of a Government letter of credit, for a sum of seventy-five thousand dollars (\$75,000) by the Banque Nationale in the month of April last?

A. Yes, Sir.

Q. Will you state the circumstances under which that letter of credit was discounted by your bank?

A. Mr. Webb of the Union Bank came to the Banque Nationale on the twenty-eighth of April and asked whether the bank would discount a letter for seventy-five thousand dollars ; but he had an offer to discount one hundred and seventy-five thousand dollars and that if the Banque Nationale wished to discount seventy-five thousand dollars (\$75.000) his bank would discount the other note for one hundred thousand dollars (\$100.000).

Q. Was Mr. Webb the first to speak to you of that discount ?

A. Mr. Webb was the first to speak to the cashier of the bank. I should say that before going into my office he had gone to see the cashier Mr. Lafrance ; they both came into my office.

Q. Was that the first time you had heard that discount spoken of when Mr. Webb spoke to you ?

A. That was the first time.

Q. Was Mr. Webb authorized to make that request or did he do so merely to prepare the matter ?

A. From the way he spoke to me, he seemed to be authorized ; he told me that his bank had the offer of the whole discount but that he had not enough money to be able to discount the whole.

Q. He then asked you to take a portion ?

A. Yes.

Q. What answer did you make ?

A. I told him that the Banque Nationale could do it, that we had the funds, and that we would enquire into the legality of the matter ; we wished to see the documents to submit them to our solicitors ; and that is what was done the same day.

Q. Was it you, Sir, who went to the department to see the documents, or was it the cashier ?

A. It was the cashier. I myself asked Mr. Lafrance to be kind enough to go up to Mr. Machin's department with Mr. Hamel, the bank solicitor, and afterwards I believe that it was Mr. Lafrance who telephoned to me from Mr. Machin's office asking me to go up. I went there to join them and after consultation with the solicitor of the bank we decided that we would make the discount.

Q. Whom did you meet at the department, in Mr. Machin's office, on that occasion ?

A. I do not remember. I saw no one but the cashier of the bank and Mr. Hamel the solicitor of the bank ; Mr. Machin was in his office when I went in. I do not remember any one else being there.

Q. You do remember having seen Mr. Thom on that occasion ?

A. I saw some person in the passages. I do not know whether it was Mr. Thom or Mr. Armstrong. Mr. Thom came to the bank the same day that Mr. Webb came, I believe.

Q. You do not remember having seen Mr. Duhamel the Commissioner of Crown Lands ?

A. No. I did not see him.

Q. Now, after having examined the documents in the Treasury department you satisfied yourself that everything was regular and you agreed to make the discount. Was the document complete, was the letter of credit complete, or were the signatures wanting ?

A. The form of the letter was submitted to me, but it was necessary to divide the amounts, as well as I remember ; it was one letter that had been prepared for one hundred and

seventy five thousand dollars (\$175,000) and the Banque Nationale having decided to take seventy five thousand dollars (\$75,000) the letters were made, one for the Banque Nationale and the other for the Union Bank and it was afterwards necessary to get Mr. Garneau's signature. I remember that some person went... Mr. Machin told me that he would send some one to Mr. Garneau to get his signature.

Q. Mr. Garneau was not in his office at the time ?

A. No, Sir.

Q. Was it after office hours ?

A. Yes, it was about five o'clock, after five even, I think ; when I left Mr. Machin's office I met the Honourable Mr. Garneau in the street in a vehicle ; I stopped him to tell him that some one had gone to his office to ask him to sign a letter of credit and the cashier of the bank was going down to the bank to make the discount. It was about half past six o'clock when the discount was made.

Q. Then it was not you who went for the letter, it was Mr. Lafrance ?

A. I believe it was Mr. Lafrance who went for it ; I believe that Mr. Machin had seen the letter by one of his employees, I do not remember who.

Q. Who suggested going to Mr. Garneau to get him to sign the letter ? Was there any one who asked that some body be sent to Mr. Garneau's, or did Mr. Machin say of his own accord that he would send it. Did he do it of his own accord or was he asked to do it ?

A. He was asked to do it ; I think it was by Mr. Armstrong. It was represented that it was necessary that the document should be made at once. Mr. Machin did not seem inclined to finish the transaction that evening, he seemed to be a little put out, but seeing that we represented that it was necessary to have it done at once, he decided to do it. Mr. Machin did not want to remain in his office to finish the transaction as it was late.

Q. You are under the impression that it was Mr. Armstrong who suggested the sending of some one to Mr. Garneau's to ask him for his signature, as he represented that the matter should be done at once.

A. Yes. There was another person also, but I do not remember who it was, it was perhaps Mr. Thom, who was of the same opinion as Mr. Armstrong.

Q. Then, it was upon these solicitations that Mr. Machin consented to send one of his employees ?

A. Mr. Machin was going out ; I was close to the door, in the door ; Mr. Machin was getting ready to go home because Mr. Thom, I believe, who had gone out with Mr. Duhamel and was to have returned, he had gone out for a moment, had not returned ; Mr. Machin was getting ready to go away ; but when he got to the door, I believe that it was Mr. Armstrong who was there, who asked him to return and after some hesitation Mr. Machin returned to his office and completed the transaction.

Q. Now, after Mr. Lafrance had obtained Mr. Garneau's signature he returned to the bank ?

A. Yes, Sir ?

Q. Were you at the bank ?

A. No Sir I did not go down again to the bank.

Q. Then, you do not know what passed at the bank, you do not know who were there

A. No.

Q. Only that it was understood that the discount was to be made that day ?

A. The discount was made that day, I ascertained the next day that the discount had been made.

Q. Did you see Mr. Pacaud on that occasion respecting the discount of that letter of credit ?

A. No, Sir.

Q. Had you seen him previously ?

A. Not with respect to that transaction.

Q. He did not speak to you a few days later either.

A. A few days later he came to the bank, but it was with respect to the discount of the other letter of credit.

Q. But respecting this one, respecting the negotiation of this one ?

A. No, I do not remember having seen him at all.

Q. Well, what occurred respecting the other letter of credit ?

A. Some days afterwards, five or six days after, Mr. Pacaud came to the bank with the Honourable Charles Langelier to ask the discount of the letter for one hundred thousand dollars (\$100,000).

Q. Which Mr. Webb had at first agreed to make ?

A. At first. They told me that the Union Bank could not do it and they wished to know if we could do it.

Q. Was that long after the 28th April ?

A. Five or six days. Eight days about.

Q. What answer did you make to that request ?

A. The cashier and I decided to refer the question to the board of directors. When they came, it was in the afternoon about half past three or four o'clock ; there was a meeting the next day and the matter was in fact submitted the next morning to the board meeting and the discount was not made.

Q. Had you any knowledge of the use made of that sum of seventy-five thousand dollars (\$75,000) how it was paid and to whom it was paid ?

A. I saw the cheques, which I myself deposited before the Senate.

Q. You know that the largest amount was drawn in three cheques, rather large ones, do you not ?

A. Yes. I have with me a memorandum of the amounts. The first cheque is for thirty-one thousand seven hundred and fifty dollars (\$31,750), the second for twenty-four thousand dollars (\$24,000), the third for sixteen thousand dollars, (\$16,000) the fourth for one hundred and eleven dollars and sixty four cents (\$111.64) and the fifth for two thousand two hundred and fifty dollars (\$2,250) which amounts to the proceeds of the discount of seventy five thousand dollars (\$75,000).

Q. When Mr. Pacaud and Mr. Charles Langelier went to ask you to discount that letter of credit for one hundred thousand dollars (\$100,000) had they any document with them ?

A. I do not remember their having any.

Q. You do not remember whether they had the letter of credit for one hundred thousand dollars (\$100,000) ?

A. I do not remember ; It is possible that they had it, as there was a question of changing it, in case the Banque Nationale would discount it, to change the letter to make it

payable to the Banque Nationale, as it was payable to the Union Bank, but I cannot remember.

Q. It might have also been a simple conversation without any documents being shown.

A. Yes, Sir.

Q. Now, besides this transaction, your bank, I believe, also discounted for Mr. Pacaud Mr. Vallière's promissory note?

A. For the sum of twenty thousand dollars.

Q. Do you remember what date that was?

A. On the fifteenth of May.

Q. Was that discount made entirely on Mr. Vallière's responsibility, upon his sole responsibility?

A. No, there was also Mr. J. C. Langelier's cheque, in his quality as commissioner, for the sum of twenty thousand dollars upon the Union Bank, and a letter from the cashier of the Union Bank, that he would pay the amount when he had been paid the sum of one hundred thousand dollars, the amount of the letter of credit in his hands.

Q. Was this discount given after the bank had refused to discount the letter of credit for one hundred thousand dollars (\$100,000).

A. Yes.

Q. Who was credited with the discount of the note for twenty thousand dollars (\$20,000)?

A. Mr. Ernest Pacaud.

Q. Mr. Vallière had nothing to do with it, he had only become responsible therefor?

A. That is it.

Q. Who asked you for that discount, Mr. Gaboury?

A. That discount was submitted to the board I think, by the cashier, Mr. Lafrance. I did not see these gentlemen on that occasion.

Q. The matter came regularly before the board of which you are the president?

A. Yes, Sir.

Q. May I ask you if you know anything of the use made of the proceeds of the discount of twenty thousand dollars (\$20,000). Please state how the proceeds of that discount were employed by Mr. Pacaud, if you have any knowledge of the payments which were made, of the cheques?

A. That is not to my personal knowledge; all that was done by the cashier.

By Mr. Casgrain :—

Q. Will you state Mr. Gaboury whether about that time drafts were bought by Mr. Pacaud, other than the draft for five thousand dollars (\$5,000) on Paris.

A. Not to my knowledge.

Q. Well, have you ascertained from the books whether there were no drafts bought by Mr. Pacaud outside the Province of Quebec?

A. No.

Q. Do your books show that?

A. No, Sir; what the books show are the cheques, the amount of the various cheques drawn against the discount.

Q. But I suppose that you can say from the requisitions that are usually signed in those cases, can you not?

A. Yes.

Q. Now, you state that the discount of the letter of credit for \$100,000 was submitted to your board ?

A. Yes, Sir.

Q. Have you a copy of the resolution or the entry made in the minutes of the board respecting that transaction ?

A. I did not bring it with me.

Mr. Casgrain :—

I would ask that an order be given to Mr. Gaboury to send a copy of all the entries concerning that transaction.

Hon. Mr. Justice Jetté :—

Be good enough to take a note of that, Mr. Gaboury.

By Mr. Béique :—

Q. You stated, Mr. Gaboury, that Mr. Thom was at the Banque Nationale on the twenty-eighth of April ?

A. About that time, I saw him at the bank.

Q. Why did he go to the bank ? Do you know ?

A. It was with respect to the discount of the seventy-five thousand dollars (\$75,000).

Q. Had he any conversation with you respecting it ?

A. He had a conversation with the cashier.

Q. In your presence ?

A. No. But the cashier came in with him and introduced Mr. Thom to me.

Q. Then Mr. Thom joined in the solicitations or request made by Mr. Webb asking for the discount of the letter of credit for seventy-five thousand dollars (\$75,000) ?

A. Yes. It was not on the same day that he came, however, Mr. Webb having come previously.

Q. And you do not know whether it was on the twenty-eighth that Mr. Thom went to the bank ?

A. I cannot remember the day.

Q. You stated that on the twenty-eighth you went to Mr. Machin's office where you found Mr. Hamel the solicitor of the bank and Mr. Lafrance ?

A. Yes, it was on the twenty eighth or the twenty ninth ; it was on the day the discount was made.

Q. That was the twenty eighth ?

A. The twenty eighth.

Q. How long did you stay in Mr. Machin's office on the twenty eighth with Mr. Hamel and Mr. Lafrance ?

A. Not very long.

Q. About ?

A. A quarter of an hour or twenty minutes.

Q. You stated that Mr. Hamel and Mr. Lafrance preceded you ?

A. Yes, Sir.

Q. How long had they left before you got to Mr. Machin's office ?

A. They had been gone a quarter of an hour, I think, when Mr. Lafrance telephoned for me.

Q. Mr. Hamel on that occasion examined all the papers in connection with the letter of credit ?

A. That is it.

Q. Do you know what papers he examined ; the Orders-in-Council I suppose ?

A. It was the Order-in-Council and he also saw the Honourable Mr. Garneau ; he had conversation as he told me ; he told me he met Mr. Garneau there.

Q. Before your arrival ?

A. Before my arrival.

Q. Mr. Hamel is a pretty old advocate, is he not ?

A. Yes, Sir.

Q. Who has practised at the Bar for about thirty years ?

A. He has been practising for a great many years, he has been solicitor for the bar for a great many years.

Q. And Mr. Hamel then gave you as his opinion that everything seemed regular ?

A. Mr. Hamel told me that it was rather a confidential matter ; that he had seen Mr. Garneau who had told him that everything was correct.

Q. Did you on that occasion raise any doubts respecting the legality or the regularity of the letter of credit or of the Order-in-Council ?

A. He did not show that he had any doubts ; he, however, told me what I have just now stated.

Q. Was that all he told you ?

A. That is what he told me. I do not remember all the objections. On that occasion it was his duty to make every possible objection ; he ended by telling me that it was rather a confidential matter, that he had seen the Honourable Mr. Garneau who had assured him that everything was correct ; it was on his word that we depended.

Q. Now, you have stated that Mr. Armstrong and Mr. Thom had represented to you that it was necessary to close the matter that day ?

A. Yes, Sir ; either of them, it was one of these gentlemen or both together, I cannot exactly remember.

Q. Where did they tell you that ?

A. It was at the door.

Q. Did they give any reasons why the affairs should be closed that day ?

A. Yes, there was one reason ; that was that if they did not pay that sum they could not obtain the reduction in the account.

Q. That if they did not pay that amount, they could not get the reduction in the account, the reduction made by the shareholders of the company ?

A. I understood that an account of two hundred and eighty thousand dollars (\$280,000) was being settled for one hundred and seventy five thousand dollars (\$175,000) ; but that to have a right to that reduction it was necessary that the amount should be paid that day.

Q. That they would likely have to pay a large sum the next day ?

A. That is what I understood.

And further the deponent saith not.

PIERRE B. DUMOULIN, cashier of the Banque du Peuple, having been recalled, continues his deposition as follows :

By Mr. Casgrain :—

Q. Mr. Dumoulin, I asked you yesterday whether between the twenty-eighth of April and the eleventh of July there were in your bank any promissory notes signed by Mr. Pacaud other than those which you have already mentioned ?

A. Yes, Sir.

Q. Which, please ?

A. I was to mention them privately.

Hon. Mr. Justice Jetté :—

After examination of the list furnished by the witness—the only item on which the Commission think the witness should be examined is that of the second of March, which is mentioned here as being Mr. Charles Langelier's note endorsed by Mr. Pacaud and Mr. Tarte for a sum of two thousand dollars (\$2,000), which became due on the fifth of May.

By Mr. Casgrain :—

Q. You state that you had between those dates a note for two thousand dollars (\$2,000) signed by.....?

A. Signed by the Honourable Charles Langelier.

Q. And endorsed by Mr. Pacaud ?

A. By Mr. Pacaud and Mr. Tarte.

Q. What is the date of that note ?

A. The second of March.

Q. When was it paid ?

A. I believe it was paid on the sixth of May. It was due on the fifth of May, and I believe that it was paid on the sixth by the cheque for two thousand one hundred and fifty dollars (\$2,150), which we had accepted on that day on Mr. Pacaud's account, the cheque accepted the sixth of May.

Q. One hundred and fifty dollars (\$150), I believe that was for the late Mr. Carrell's note ?

A. Yes.

Q. Now, will you refer to **Exhibit No. 47**, which is the statement of Mr. Pacaud's account in the Banque du Peuple, and state whether the amount of two thousand one hundred and fifty dollars (\$2,150) is not the third item of that account ?

A. Yes, Sir.

Q. Now, will you look at this account and state whether to your knowledge the thousand dollars which are charged against Mr. Pacaud's account, on the ninth, do not represent a cheque which paid a promissory note ?

A. I cannot say that, Mr. Casgrain ; I know nothing about it at all, I was unable to trace that.

Q. You could not trace it ?

A. I traced only the notes already mentioned, I could not trace any others.

Q. Now, did you trace any other promissory notes which were paid during that time ?

A. None except those mentioned.

Q. Except those mentioned in your deposition ?

A. Yes.

Q. No others ?

A. No others. I see a promissory note for fifty dollars (\$50) which was charged to Pacaud, on the twenty-sixth of June, on his account ; that is all.

Q. Endorsed by whom ?

A. I do not know at all. The note for fifty dollars (\$50) was charged to him with any names being given. I do not know at all what that note was.

Q. Now, Sir, when you were before the Senate Committee, as you have already stated in your deposition here, you stated that you thought that when Mr. Vallière's note was presented to you for discount, that there was Mr. Pacaud's paper in your bank for the sum of five thousand dollars (\$5,000), and that these five thousand dollars (\$5,000) were paid out of the proceeds of the discount, is not that so ?

A. I stated that Mr. Pacaud had told me that there were five thousand dollars (\$5,000) to pay to my bank.

Q. It was Mr. Pacaud who told you that ?

A. Yes. It was a detail of small importance to the bank, and I accepted the figure he gave me without referring to my books. I thought that he had five thousand dollars (\$5,000).

Q. Now, Mr. Dumoulin, apart from the note for twenty thousand dollars (\$20,000) which you discounted, was there in your bank another discount of a letter of credit or other paper whatever connected with the Baie des Chaleurs Railway ?

A. No, Sir.

Q. There was none ?

A. No.

Q. Were you asked the discount of a letter of credit or any other paper connected with that road ?

A. No, except that note for twenty thousand dollars (\$20,000.00.)

Q. Were the notes which you mentioned renewals or original notes ?

A. They are all originals except one, that of Mr. Carrier for four hundred dollars (\$400), which had been renewed.

Q. You were also asked to give the dates of those notes, will you give the dates ?

A. Mr. Carrell's note, dated the fifth of February, was discounted originally on the thirty-first of October and credited to Mr. Ernest Pacaud. It became due on the fifth of February, and was renewed on that day by a note for the same amount and passed to the credit of the same person ; that renewal became due on the sixth of May, and was recently paid on the eighth by Mr. Pacaud's cheque. Now Mr. Deschêne's note is dated the twenty-eighth of March ; Mr. Tarte's note is dated the thirty-first of March.

Q. During the time we have already mentioned, that is between the twenty-eighth of April and the eleventh of July, did Mr. Pacaud buy any drafts from you ?

A. No. I do not remember of his having bought any.

Q. Between the twenty-eighth of April and the eleventh of July ?

A. I do not remember, I would have to refer to my books to see.

Q. I wish you to refer to them and give us the details of those drafts ?

By Hon. Mr. Justice Jetté :—

Q. Who asked you to discount the note for two thousand dollars (\$2,000), which you mentioned just now.

A. I do not remember, Sir ; it seems to have been Mr. Pacaud, it was he who benefitted thereby.

Q. You credited him with the proceeds ?

A. Yes. I think that it was Mr. Pacaud, but I do not remember. It must have been he, as the amount was placed to his credit.

And further the deponent saith not.

JOHN J. MacDONALD, of Rivière-du-Loup, contractor, aged 54, being sworn on the Holy Evangelists, doth depose and say :—

By Hon. Mr. Justice Davidson :—

Q. How long have you been a railway contractor, Mr. Macdonald ?

A. A great many years. I have been railroading over thirty years—over thirty years connected with railways, not all the time as contractor.

Q. Did you at any time negotiate for the control of the franchises and property of the Baie des Chaleurs Railway, and if so, in whose behalf, when, with whom, and under what circumstances ?

A. I met Mr. Heaton Armstrong, a banker of London, England, who was in Quebec, with Mr. Hector Cameron, barrister, of Toronto. Mr. Armstrong asked me.....

Q. Give the date ?

A. It was somewhere about the 1st October, 1890. I don't remember exactly the date ; but that is as near as I can remember—the 1st October, 1890. Mr. Armstrong asked me if I would like to go in to finish the Baie des Chaleurs Railway.

Q. Who is Mr. Heaton Armstrong ?

A. He is the banker who handled the bonds of the Temiscouata Railway in London—sold them. He asked me if I would like to go into the Baie des Chaleurs Railway to do the work which was to be done, that he had a proposition from Mr. Mercier. At first I did not care about it until I heard what the proposition was, and then I took up the matter and investigated it.

Q. What was the proposition which you so acted upon ?

A. The offer was ten thousand dollars a mile for forty miles, from the 60th to the 100th mile ; and Mr. Armstrong was to take the bonds of the road.

Q. To what extent and on what terms ?

A. He was to take the bonds on the 100 miles at seventy-five cents on the dollar.

Q. State the whole of the details.

A. He was to take the bonds at 75 cents ; \$20,000 a mile was the issue, and the interest was to be guaranteed for ten years.

Q. By whom ?

A. By the Quebec Government. The bonds were to bear five per cent interest. Heaton Armstrong was to advance the money to pay the deposit to the Quebec Government.

Q. What deposit?

A. Of five per cent interest for ten years.

Q. What sum would that represent?

A. About \$840,000. We figured it roughly.

Q. Why should he make this deposit?

A. To make the bonds negotiable so as to be able to dispose of them in the English market.

Q. Who was to draw the interest on this deposit?

A. The bondholders, after the bonds were disposed of.

Q. Well: primarily? That would only be in case of default upon the bonds?

A. No, Sir; the interest was to be paid for ten years.

Q. By the Quebec Government?

A. Yes, Sir; and if the bonds were not sold, Mr. Armstrong would draw the interest on them. He was taking the bonds.

Q. And at the completion, when these bonds had been duly paid?

A. I don't know what date they were to run for. That was not arranged.

Q. It was simply a deposit in trust with the Government?

A. It was to pay the interest.

Hon. Mr. Irvine:—

The money would be exhausted by the payment of the interest. The Quebec Government was to get \$800,000, which was the calculated amount of interest. The way in which it was done was that the Government were to assume the payment as principal debt on the interest, and they were to have this sum of money with which to pay it.

By Hon. Mr. Justice Davidson:—

Q. Was there any other detail connected with this proposition to which you have referred?

A. There was some portion of the old subsidy due on the sixty miles.

Q. How much?

A. I think it was \$31,000; and there was ninety-five thousand odd dollars due by the Dominion subsidy.

Q. Have you stated at what rate Mr. Heaton Armstrong was to take the bonds?

A. Yes, seventy-five cents.

Q. And what percentage would this interest represent upon the total number of years?

A. Five per cent.

Q. I think you have mentioned a total round percentage.

A. \$840,000

Q. That would be forty-two per cent?

A. It was not quite that; but we called it that after figuring it up. It was forty-two and a fraction, and we put it at forty-two.

Q. What would be in round figures the market value of the bonds?

A. I think it is thirty-three cents. Forty-two for interest and thirty-three would make seventy-five that they were sold for.

Q. Was any additional sum added to this proposition subsequently?

A. Sometime after there was a bridge to be built for which I understood there was to be fifty thousand dollars.

Q. Over the Cascapediac?

A. Yes. It was an outside transaction from the railway.

Q. The total amount of the bonds would be how much?

A. Two million dollars (\$2,000,000)—\$20,000 a mile for 100 miles.

Q. Could you give in round figures what the outlay to the Quebec Government would be under this contract?

A. \$400,000, and the \$50,000 that were given for the bridge.

Q. \$450,000?

A. Yes, Sir. Of course there was the old subsidy on the sixty miles.

Q. That would be \$280,000 of unearned or unpaid subsidy?

A. That was on the forty miles, and there was still a subsidy to be paid on the sixty miles. On the forty miles to be built there was still \$280,000: that was \$7,000 a mile; and I wanted to have that increased to \$10,000 a mile, which made \$400,000.

Q. But generally what you were to receive was \$450,000, representing the balance of unearned subsidy and the conversion of the 800,000 acres of land into money?

A. That was not spoken of at all. We had not gone that far in our negotiations when Mr. Armstrong was here.

Q. You were to receive \$10,000 a mile for forty miles and \$50,000 cash for the Cascapediac Bridge.

A. Yes, and whatever subsidy would be due by the Local Government on the work to be done to finish it. I think it was somewhere about \$28,000 or \$31,000—I am not sure exactly if it was not paid out already by the Quebec Government for labor. I am not sure though about that.

At 1 o'clock the Commission adjourned till 2 P. M.

2 o'clock P. M., the 22nd day of October, 1891.

JOHN J. MacDONALD, of Rivière-du-Loup, contractor, continued his deposition as follows:

By Hon. Mr. Justice Davidson :—

Q. Reverting to your proposed deposit of \$840,000, I desire to be more clearly understood or to more clearly understand you. Was not this proposed deposit in the nature of a trust fund to the Government, to be available for the carrying out of certain obligations?

A. I don't know exactly what the position of the Government was to be with regard to it, but I know it was to pay interest on the bonds every six months.

Q. Was the Government primarily liable for the payment?

A. The Government became responsible. They became responsible for the interest.

Q. That represented the total interest for ten years on the bonds?

A. Yes, Sir.

Q. I asked you this morning who it was who was drawing the interest on the amount?

A. The parties holding the bonds.

Q. The parties holding the bonds?

A. Yes; Mr. Armstrong, if he held them, when the first six months interest came due.

Q. I mean to say the interest on this capital sum?

A. I think we were credited in making up the amount, the required amount. They allowed us, I think, the interest on the amounts we paid in.

Q. Have you had communication and given consideration to the Order in Council of the 23rd of April?

A. No, Sir.

Q. Which contained the contract entered into between the Government and the company?

A. I know nothing about the contract which was entered into between the company and the present Government. I saw a copy of the Order in Council in the hands of Mr. Thom, in Montreal, some time in May.

Q. I would like you to examine and produce the statement, if you can, showing the total money results of your own contract and the total results—money results—of the contract contained in this Order in Council?

A. I do not know whether I could do that.

Q. You have in effect done it already.

A. I made an estimate of it myself when I made the offer.

Q. You did it before?

A. Yes, Sir.

Q. Was there any result arrived at between you and the Government with reference to these terms?

A. No, Sir.

Q. I mean in the sense of the Government agreeing to them in a general way or refusing to agree with them?

A. Well, I understood they agreed to pay us the \$400,000, provided, I was able to settle with the old company.

Q. You understood they agreed in a general way to the terms?

A. Yes, Sir.

Q. How or through what communication did you arrive at that agreement?

A. I had an interview with Mr. Mercier and Mr. Cameron and myself in New York at the time that Mr. Heaton Armstrong was leaving for England. We went down with him to see him off, and I was anxious to know from Mr. Mercier how matters stood, and either Mr. Cameron suggested that I should see him. That is the way it was.

Q. Do I understand you to say that these terms were satisfactory to Mr. Mercier?

A. That is what I understood, but some time afterwards I had another interview with Mr. Mercier, and he spoke about only allowing 7,000 dollars per mile, and that would be \$280,000. I said we could not go into it on those terms, because there was not money enough to do the work, and during the session, in the Speaker's room, I believe there was a bill prepared for the House, and I didn't understand it exactly, and I wasn't exactly satisfied with it, because it did not seem to me that the bill would allow us \$10,000 per mile, and I discussed it with Mr. Pacaud, and I met Mr. Mercier in this room, and he said he could only give \$7,000 per mile, and I said it was different from what I understood would be given when

Mr. Armstrong was there, and then this bill was changed, and I took that bill to Mr. Irvine, and asked him if under that clause they could give me \$10,000 per mile for the forty miles.

Q. What bill was it?

A. The act which is now passed,—the subsidy bill, as they call it.

Q. Did you secure a copy at all of it?

A. I got one of them,—yes, Sir.

Q. Where is it?

A. I don't know where it is. It was a printed bill. I took one of them to Mr. Irvine, and got his views upon the matter.

Q. I understand you to say then that the bill, as drawn, seemed to meet your original intention of securing \$10,000 per mile?

A. Yes, Sir.

Q. How or through whom was the interview in New York arranged?

A. Mr. Cameron and myself called upon Mr. Mercier.

Q. What led you and Mr. Cameron to go to New York?

A. We went down there with Mr. Heaton Armstrong, to see him off.

Q. Who arranged that interview?

A. We called around at the hotel and I think sent our cards up.

Q. But what led you to go to New York?

A. We did not go there only to see Mr. Mercier, but we had to see Mr. Joseph Hickson and Sir Henry Tyler in reference to some other business.

Q. You mentioned the name of Mr. Pacaud?

A. Yes, Sir.

Q. When did he first come to be interested in your negotiations?

A. That was some time after I returned,— returned from the road. I am not sure whether I spoke to Mr. Pacaud before I went on the road to examine the work. About the end of October I went down to examine the work, and made an estimate of what I thought the work would cost.

Q. Did you approach Mr. Pacaud with reference to the subject or did he approach you?

A. I probably went to see him, because he was acting as my agent in Quebec for any business I had with the Government.

Q. What took place?

A. I wrote a letter to the Government after my return offering the conditions under which I would do the work, and Mr. Pacaud wanted me to know that we would not get any of the money until the whole work was finished, and then we would get the whole \$400,000. and I said I would agree to build from the fortieth to the sixtieth mile before the Government should pay us anything, when they should pay us a part, and the balance should be paid as soon as the Government was satisfied that it was finished to its satisfaction. I wrote a letter to that effect, I think.

Q. To whom did you write that letter?

A. I think it was addressed to Mr. Mercier, and I think I have a copy in my satchel.

Q. Did you bring a copy with you?

A. Yes, Sir.

Q. Did you receive an answer to that letter?

A. No, Sir, except through Mr. Pacaud, stating that that was satisfactory to the Govern-

ment, as I understood it. I understood from Mr. Pacaud that the proposition I made was satisfactory to the Government.

Q. I understand you to say you received no other reply ?

A. I did not ; if Mr. Cameron got any I was not aware of it. He was acting as my solicitor in the premises.

Q. You have not stated what proposition, if any, you made to Mr. Pacaud at this first interview.

A. I don't know as I made any proposition particularly, any more than my first impression was he was going to assist me in arranging with Mr. Armstrong, the contractor, and also in any negotiations I would have with the Government, but I didn't make any proposition to him at all.

Q. Well, what followed in order of time ?

A. I made up my estimate of the work, and examined the work with my chief engineer and one of the sub-contractors I had on the work, and in making up the estimates I put in \$50,000, for incidentals during the progress of the work, for Mr. Pacaud.

Q. Was this a private memorandum of which you speak ?

A. A private estimate I made myself as to what I could pay the company if they assigned everything to me. I did not arrange to pay Mr. Pacaud, that is I did not arrange personally with Mr. Pacaud, but I put the sum of \$50,000 in my estimate. Sometime after I told Mr. Pacaud what I had done.

Q. When did you tell him ?

A. Sometime after. I think, when I thought I was going to succeed, I told him I was prepared to pay him \$50,000.

Q. What for ?

A. For his services during the work.

Q. What did you expect him to do ?

A. Well, there was always a great deal to do in the way of getting subsidies and getting things fixed.

Q. That is all you expected ?

A. All I wanted was to get the \$400,000 when the work was finished, as far as the Quebec Government was concerned.

Q. What else besides getting the payment of your subsidies did you expect Mr. Pacaud to interest himself in ?

A. Well, I don't know of anything else. Sometimes it is very difficult to get our subsidies paid,—I have known of such things,—and by having a friend at court they can help us a good deal.

Q. Is that all ?

A. That is all that I know of,—to assist me in getting these subsidies paid.

Q. Were you looking forward to its being desirable or necessary to look to the term being not altered in your original contract ?

A. No. Sir, nothing of the kind.

Q. Well, perhaps you would have liked to have some alterations made in the way of having payments anticipated or subsidies paid differently ?

A. The agreement I was making, specially with reference to the 20 miles—I might have got Mr. Pacaud to assist me to get the Government to advance me some of it. I was prepared to arrange with the Government at the time, to finish the 40 miles however before I would get any money.

Q. Can you fix the approximate date at which you mentioned this sum of money to Mr. Pacaud?

A. No, I cannot. I was here in Quebec a week or two at a time. While I was here, I met Mr. Pacaud several times. My recollection is however that I did not see Mr. Pacaud until after I returned from the examination of the road. That would be some time in November.

Q. Did Mr. Pacaud ever suggest to you the desirability of fixing a sum?

A. No, Sir.

Q. By what process of figuring did you arrive at the amount you made?

A. I presumed it would be required before I could get through, so I put that in as part of the cost to see what I could do the work for.

Q. You will state, if you can, in more detail, the nature of the services which you expected Mr. Pacaud to be able to render?

A. Well, I don't know as I can give anything more definite. If you can suggest anything to answer, I will be very glad to do it, but at present I don't remember anything other than what I have told.

Q. Were you influenced at all by any supposed relations which he had with the members of the Government, and if so, state what they were?

A. I don't know what his influence was. It may have been political; I expect it was. It was that which made me make the proposition to him, I suppose; I arranged with Mr. Pacaud to be paid when the 60 or 80 miles was finished, and I understood it was acceptable to the Government.

Q. Were you influenced at all by any supposed relations which he had with the members of the Government, and if so, state what they were?

A. Of course, I am here in a very awkward position. I have had other relations with Mr. Pacaud, and I don't think I have any right to go into them.

Q. The question does not refer to your past relations with Mr. Pacaud?

A. I have given the only reasons I can give then.

Q. Was it your belief that he would render any services in a purely commercial sense, that would be worth this sum of money?

A. Of course, he was here on the ground, and anything I wanted done on the work he could do. I came up to see him and get him to assist me in any way I required.

Q. Why didn't you consider it sufficient that you should negotiate with the Department yourself?

A. That just relates to what I said a moment ago.

Q. In what way could you do better?

A. I could talk freer to him than to a member of the Government.

Q. In what way?

A. In anything I wanted to discuss with him about the work.

Q. I wish to ask you if his political influence had anything to do with it?

A. His political influence had a good deal to do with it.

Q. Do I understand that you are not prepared to give a more definite answer to that question?

A. I cannot, so far as my relations to the Baie des Chaleurs Railway Company are concerned. I thought he would suit my purposes as my agent in Quebec. I looked upon him as very clever and smart.

Q. Had anything but his political influence to do with it?

A. I suppose that would be the principal thing. I looked upon him as being a strong friend of the Government, and sometimes it is very necessary to have a friend at court.

Q. What followed?

A. There was nothing else.

Q. Did you have any subsequent interviews with the representatives of the old company?

A. I had several interviews with Mr. Riopel. I met Mr. Armstrong, but I understood from Mr. Riopel that he had a written offer from Mr. Armstrong as to what he would take. I also saw the Ontario Bank, who were large creditors, and I saw Mr. MacFarlane, a steam-contractor, to find out in what position things were with him; and I met Mr. Riopel, and offered him \$150,000 to transfer the stock and everything over to me to get control of the whole concern of the company. We did not come to terms about that, and I increased the offer to \$175,000; and I contend that Mr. Riopel accepted the offer, and I wired for Mr. Hector Cameron to have the agreement made out, and I also arranged with Mr. Irvine to assist Mr. Cameron to see that everything was carried out in proper shape, and I made an appointment to go down to Mr. Irvine's office, and when I met Mr. Riopel at the Russell Hotel with Charley Armstrong, he denied that he had accepted my offer, and said he wanted to get an interest with me. I think that was the last interview I had with Mr. Riopel.

Q. Did that break it off?

A. Yes, so far as Mr. Riopel was concerned. I then got Mr. Cameron to wire Mr. Hector Armstrong, that if he would advance the price of the bonds, I perhaps might be able to get them more and get hold of the work. I then sometime after that got a telegram from Mr. Pacaud, wanting to know if I was still negotiating or going into it. I think it was from New York. I answered Mr. Pacaud what I proposed doing. I was still prepared to carry out the agreement, if I could settle with the company.

Q. Have you the telegram?

A. I have not got it now. I wired Mr. Pacaud, in reply.....

Q. You say Mr. Pacaud wired you?

A. I think he wired to Mr. Irvine. I think I have one of the messages. It is over with my other papers. I think that is about the whole story, as far as I remember. If there is any one who wants explanations about it further, I would be glad to give them.

Q. Did your position as the principal negotiator end when Mr. Riopel refused to accept the \$175,000?

A. So far as the negotiations with Mr. Riopel are concerned.

Q. Then you turned your attention to efforts towards securing an interest with other

A. Mr. Pacaud met me in Montreal, where I was; they were leaving for England, and he told me they had an offer from Mr. Thom, and I was rather astonished to hear that because I did not expect an offer would come from that source, and I went over and asked Mr. Thom if that was the case. He said he understood I was out of it altogether, and if not, he would withdraw. He was offered \$560,000 by the Government; that is what he said. "Well", I said, "You have got \$160,000 more than we have been offered. I can't understand how it is", and he then said that if Mr. Cooper took hold of the work, he would have some practical men with him. I said that I did not want to go in with a lot of people

would not go into any ring of any kind, that I had no objection to go with Mr. Cooper, and he was to go on with his negotiations, but I did not say anything more about it. I left then for New York. The same evening that I reached New York, I met Mr. Cameron, and I instructed him to see Mr. Thom, and as soon as the arrangements were carried out, when I returned from England, I would see Mr. Heaton Armstrong there and see if he would take the bonds.

Q. Did you see Mr. Mercier on any other occasion than the one you have spoken of?

A. No, Sir. I think I saw him three times: once in New York, once with Mr. Cameron in Mr. Mercier's office, and once in the Speaker's room of the Legislature.

Q. Apart from these interviews; who carried on your negotiations with the Government?

A. Mr. Pacaud.

Q. Did you send him with propositions or messages to the Government?

A. We would discuss matters and he would advise me. I wrote a letter about the \$400,000 for instance, and he told me it was acceptable.

Q. How did communications come from the Government?

A. That one came through Mr. Pacaud.

Q. Were there none others?

A. Nothing that I remember of particularly.

Q. Did you have any correspondence with the department at all?

A. No, Sir. I have not got a letter that I am aware of.

Q. Did you seek to discover what was the extent of Mr. Armstrong's claim, from the department?

A. Yes, Sir. I went up with Mr. Pacaud, and I saw the list in one of the departments for work due, for labor under Mr. MacFarlane and Mr. Armstrong.

Q. Did you take away the statements?

A. I took them away and went over them.

Q. Have you any of the figures in your possession now?

A. I returned them. There is one paper, I think, I did not return, but I don't know where it is.

Q. Have you any statement of the claims as then filed?

A. I think I have a statement of MacFarlane's, type-written, which I got from the part in Montreal.

Q. I am speaking about Armstrong's?

A. I don't think so. I tried to get the details of Mr. Armstrong's claim from Mr. Copel, but he would not give it to me. He said they would rather settle that themselves, and he would not give me the details between himself and Mr. Armstrong, but he had a written offer that Armstrong would take \$50,000.

Q. What was the amount of Mr. Armstrong's claim?

A. I did not see any claim of Mr. Armstrong's. There was a claim for labor that I saw. I think we figured it up at \$42,000.

Q. For laborers' claims?

A. Yes, Sir. It was put in the department. That's all I saw.

Q. In any interviews you had with members of the Government, did the name of Mr. Armstrong come up?

A. I had no interviews except with Mr. Mercier, and then his name was not mentioned.

Q. Did the Government at all interfere to interrupt or break off your negotiations?

A. No, Sir.

Q. Did you pay any sum of money to Mr. Pacaud on account of these negotiations?

A. No, Sir.

Q. Why?

A. Because they all fell through.

Q. Out of what money did you propose to pay those \$50,000?

A. Out of money I would get from Mr. Heaton Armstrong. I was to get the money to pay the 5 p. c. interest on the bonds, and he was to advance the money to pay the debt.

Q. How would he be recouped?

A. He would be recouped out of the bonds when he sold.

Q. What I desire to see is if that proposed payment in any way affected the money you would have received from the Government? Did it in any way affect your calculations?

A. If I had not expected to get \$400,000 from the Government, I could not have made the offer I did. It was necessary for me to get this money if I had to pay \$225,000 to get possession of the work.

Q. I understand you to say it affected the figures you were prepared to pay?

A. If I paid \$225,000 to get possession of the work, I had to make it.

Q. Please see if you can make up a statement of the contract.

A. Very well.

By Mr. Hall :—

Q. With reference to these bonds issued over the road, that would be an issue over the whole one hundred miles?

A. Yes, Sir.

Q. Could you issue bonds over a portion of it?

A. The bonds would have to be issued over the whole of it.

Q. What I want to know is, could you successfully float bonds over a portion of the road?

A. I think not.

Q. And the successful floating of bonds would be dependent upon the road being in running order?

A. Yes, Sir.

Q. Could you issue bonds on the road when it was in the condition that it was in now?
(No answer).

By Hon. Mr. Justice Davidson :—

Q. Did you make any statement and give any information to Mr. Charles Armstrong as to the amount you proposed to pay Mr. Pacaud?

A. No, Sir.

Q. How did he become aware of it?

A. I do not know ; I never spoke of any \$75,000.00 to Mr. Pacaud, and I do not know how he found it out. I know he says that Mr. Cameron told him so, but I did not see how he could say any such thing.

Q. Was he aware of it at all ?

A. Yes, I consulted him about it ; I told him that I had put in fifty thousand dollars for Mr. Pacaud.

By Mr. Hall :—

Q. These bonds issued were to be put upon the market for sale ?

A. Well, it would take a man with a good deal of means I think to take them. Mr. Heaton Armstrong was prepared to take the bonds ; I asked him about it, and he said that he was prepared to undertake them.

Q. You say that the order following these bonds would be thirty-three cents on the dollar ?

A. Yes, that is what we would get—the parties running the road.

Q. With reference to Mr. Pacaud and the question you were asked by the Commission, do I understand you to say that there was nothing, no question about giving him seventy-five thousand dollars ?

A. Fifty thousand dollars is the only amount. I told Mr. Pacaud what I had done ; Mr. Pacaud, it is true, did say to me that he thought that was not enough.

Q. Now, do you recollect when Mr. Pacaud told you that ?

A. Yes, Sir.

Q. Do you recollect, I say, when Mr. Pacaud told you that ?

A. No, Sir ; I could not place the date ?

Q. Did any one else express any dissatisfaction to you that you were not going to pay him enough ?

A. No, Sir.

Q. Was the question discussed between you and Mr. Hector Cameron ?

A. I told him that I could not afford to pay him any more, that it was no use talking about it, but if I had got the other one hundred and sixty thousand dollars, I do not know what I might have done.

Q. Did Mr. Pacaud tell you how much more he wanted ?

A. No, Sir, he did not.

Q. Did you have any conversation with him after that time ?

A. Well, I met him several times.

Q. Now, Mr. Macdonald, do you recollect how long after this conversation it was, when you had an interview with Mr. Riopel, in Quebec, here ?

A. It may have been very shortly after. I could not place the date.

Q. Do you recollect the date when you had an interview with Mr. Riopel, in Quebec ?

A. No, Sir, I do not ; it was sometime in the year, February, or perhaps the end of January it may be ; but I am not quite sure.

Q. You and Mr. Riopel had an interview alone ?

A. The interview I had with him was alone, in his own house, when I wired him that I had closed.

Q. On that occasion, you discussed with Mr. Riopel the claims there were in connection with the road ?

Q. And you took them down to your counsel, and came to the conclusion that could get the ten thousand dollars per mile ?

A. Yes, I did.

Q. It was the four hundred thousand dollars that you wanted ?

A. Yes, Sir, it was.

Q. Then you communicated with Mr. Pacaud, that as far as you were concerned, you were satisfied with the bill ?

A. Yes, Sir, Mr. Irvine told me that any Order in Council would be all right, but the clause was a very extraordinary one, he said, but I was right enough for the amount wanted. I remember he said that they could do most anything under that order.

Q. Mr. Pacaud then told you that the Government would do their part of the work that you would have to see after the old company ?

A. Yes, Sir.

Q. You did not succeed with the old company ?

A. No, Sir. I wired Mr. Pacaud to meet me..., to try and stop over a day on his way to New York and meet me ; and he told me that Mr. Thom had made an offer.

Q. Mr. Pacaud told you this ?

A. Yes, Sir.

Q. His communication to you with reference to this was entirely through Mr. Pacaud ?

A. Yes, Sir.

Q. Mr. Pacaud was acting as your intermediary ?

A. Yes, Sir.

Q. Did you think that it was necessary to employ Mr. Pacaud ?

A. Yes, Sir, I certainly did ; if he was not necessary, I would not have done it.

Q. You stated that you had employed him before in connection with other matters ?

A. Yes, Sir.

Q. Have you paid him before in connection with those other matters ?

A. Well, I do not know ; of course if I have to give an answer to that, I can answer very quickly.

Objected to by Hon. Mr. Irvine.

Question withdrawn.

The witness.

A. I did not pay him anything at this time.

Q. Did you notice that Mr. Pacaud was also very friendly with the members of the Ministry ?

A. I know that he was friendly. I never saw him particularly with them ; he was friendly with all the members that I saw him meet.

Q. Did you ever see Mr. Garneau, the Minister of Public Works, in connection with this matter ?

A. I think not. I do not remember. Mr. Cameron may have seen him, I do not know. I do not remember ever seeing Mr. Garneau myself.

Q. I understand that you put down in your estimate fifty thousand dollars to be paid to Mr. Pacaud ?

A. Yes, Sir.

Q. You considered that necessary to put this transaction through ?

A. Yes, Sir, I did.

Q. Can you tell us how you arrived at this sum of fifty thousand dollars ?

A. I just put it in a lump sum, about what I thought it would require.

Q. You must have had some idea of a percentage in your head when you did that ?

A. No, Sir, I do not think that I had. I never figured on any percentage, I just put that as a bulk sum.

Q. Just as a bulk sum ?

A. Yes, Sir, just as a bulk sum ; just what I thought would be necessary.

Q. Did you give the date of the interview that you had with Mr. Pacaud at the Windsor Hotel, in Montreal ?

A. No, Sir, I could not do so, but if I had my book here I could. It was the day any how that he left for New York.

By Hon. Mr. Justice Davidson :—

Q. Were you stopping at the Windsor Hotel ?

A. Oh no, not at the Windsor Hotel ; I should have said at the St. Lawrence Hall.

By Mr. Béique :—

Q. You stated that you met Mr. Mercier three different times ?

A. Yes, Sir.

Q. And the first time that you met him was in New York ?

A. Yes, Sir, with reference to these transactions.

Q. Mr. Mercier had no reason to expect that you would meet him in New York ?

A. No, Sir.

Q. Before the day that you called on him ?

A. No, Sir.

Q. You sent in your card ?

A. I think Mr. Cameron sent in his card.

Q. The second time you met him, when was it ?

A. I think in his office.

Q. When was it about ?

A. I don't know the date exactly. Mr. Pacaud arranged for the interview, and we went there to see him.

Q. When Mr. Pacaud arranged for the interview that you speak of, was it not in the Speaker's room ?

A. This was when the House was in session. I think this was in Mr. Mercier's own room.

Q. Mr. Pacaud was not present at the interview ?

A. Yes, Sir, he was.

Q. Will you state what occurred at that interview ?

A. Mr. Cameron was the spokesman. He introduced the subject. I don't think that I said anything particularly. Mr. Cameron stated about the arrangements so far as he had gone, and I think Mr. Mercier asked us to write him a letter. We had some difficulty with the company, and we called to let him know what progress we had made. Mr. Mercier spoke then about only allowing us \$7,000.00 per mile, and we told Mr. Pacaud afterwards that we could not do it for that sum.

Q. Did not Mr. Mercier speak at that time of the subsidy of 800,000 acres of land?

A. That did not come up just then.

Q. Try and fix the date of that interview as well as the one in New York?

A. I cannot. Perhaps if I had my memorandum book here I could give the one in New York, but I could not the other one.

Q. Was it in November?

A. Probably.

Q. It was before the session?

A. It may have been. The session might have been going on here at that time.

Q. That was before the railway resolutions were introduced?

A. Yes, Sir, sometime before. I was here so often off and on that I really could not fix the date exactly.

Q. The second interview arranged by Mr. Pacaud was after the interview in New York?

A. Yes, Sir, it was sometime afterwards.

Q. You think it was sometime in October?

A. I think about the early part of October.

Q. So that the second interview might have been in the early part of November?

A. It would be perhaps the middle of November.

Q. It was a short interview you had with Mr. Mercier then?

A. Yes, Sir, and Mr. Cameron was the spokesman on that occasion.

Q. It was very short?

A. Yes, Sir.

Q. And nothing definite was done at that time?

A. No, Sir.

Q. Mr. Mercier suggested that any proposition you had to make you were to put it in writing?

A. Yes, Sir. And Mr. Cameron, I think, wrote him a letter as acting for Mr. Hea and myself.

Q. As the result of that interview, was it?

A. I am not sure whether that was the one or not. There was another letter written when I was asking for the \$10,000.00 per mile.

Q. Was it yourself or was it Mr. Cameron who wrote that letter?

A. It was Mr. Cameron.

Q. You are aware that he did write Mr. Mercier, putting in writing the proposition you intended to make?

A. He wrote for me from the Garrison Club. I think may be that was in his own hand-writing.

Q. Were those letters written by Mr. Cameron signed by you?

A. I think one was signed by me and the other one by Mr. Cameron.

Q. Did you keep copies of those letters?

A. I think I have a copy of the letter that I wrote myself.

Q. Have you any copies of the letters Mr. Cameron wrote?

A. I really cannot say.

Q. As to the third interview you had it was in the Speaker's room during the session?

A. Yes, Sir.

Q. There were several people present there ?

A. Yes, there were several parties present there. I did not notice particularly any of them.

Q. At that time had the railway resolutions been introduced ?

A. I think they had, or rather, they were printed, and I saw what they were. I am not sure whether they were introduced or not. I was dissatisfied with the reading of that clause.

Q. You were dissatisfied with the subsidy of eight hundred thousand acres of land ?

A. I don't know whether that was the amount in there then, or how it was. I was not satisfied with the interpretation of that clause, and it was changed, and I took Mr. Irvine's opinion on it ; and he told me it was all right.

Q. Did you not then state to Mr. Mercier that you would not accept of the land subsidy ?

A. No, I did not. He discussed then of only giving \$7,000 a mile ; and he said that was what he had understood. I said we could not close at that, that Mr. Armstrong said \$10,000 a mile, and we always talked of \$10,000 a mile, and that I was very sorry the thing was going to break off then, because we could not do it less than ten thousand dollars.

Q. Do you mean to say that you saw a printed bill in which mention was made of \$7,000 a mile ?

A. I can't say what was in that bill without seeing it ; but I know I was dissatisfied with the wording of it.

Q. You say your dissatisfaction had reference to the \$7,000 ?

A. No ; I was dissatisfied because I could not see by that clause that I would get \$10,000 a mile cash. Of course, I knew that it could be changed, because we had some already with the Temiscouata Railway.

Q. Try to remember if when you saw the bill it did not simply mention the 800,000 acres of land ?

A. I think the bill referred to the first sixty miles. There was some mistake in it. The wording of it I cannot remember ; but I think, speaking from memory, that the bill only referred to the first sixty miles, by some mistake made in the printing. I then called Mr. Pacaud's attention to it, and he called Mr. Mercier's.

Q. As a matter of fact, was it not 10,000 acres per mile that was in the bill you saw ?

A. I think it applied to the first sixty miles, whatever it may have been.

Q. You expressed your dissatisfaction, and you indicated to Mr. Mercier that you would not act under these terms ?

A. I declined, because I was dissatisfied ; and it was changed then to the forty miles. The wording then looked clear ; and I took it down and got Mr. Irvine's opinion on that clause.

Q. You say, as it was worded originally, it applied to the sixty miles only ?

A. I am not sure. It is very easy to get the bill.

Q. By the change made, was it made to apply to the 100 miles of the road?

A. No, I think it applied then from the sixtieth to Gaspé, and it has all been applied on the forty miles. I know I was satisfied.....

Q. Have you any recollection of the wording of it?

A. I went to Mr. Irvine to get his views; and I was satisfied, and I did not say anything more about it.

Q. After you saw Mr. Irvine, did you communicate with Mr. Mercier, or did you write to him?

A. No, I saw Mr. Pacaud; and Mr. Pacaud told me it would be all right under that clause, and that I need not trouble myself about it.

Q. What do you say about Mr. Pacaud?

A. I was dissatisfied about it, and he told me it was all right; but I was not satisfied with his explanation, and I went and got Mr. Irvine's opinion, and after that I was satisfied that Mr. Pacaud was right.

Q. Who broke off the negotiations with the Government at that time?

A. Well, I don't know. Of course, Mr. Mercier, when he spoke to me, said he would not give the \$7,000; then this clause was changed; and Mr. Pacaud told me that under that clause it would be all right. I never discussed it with Mr. Mercier after.

Q. In these three interviews which you had with Mr. Mercier, did anything but business like communications pass between you and Mr. Mercier?

A. None whatever.

Q. Nothing but straightforward business?

A. Nothing. I did not care if there were fifty present at any conversation between Mr. Mercier and myself.

Q. You said you broke off negotiations with Mr. Riopel when you met him at the St. Louis Hotel, at Quebec, with Mr. Cameron, and Mr. Armstrong was present also?

A. Mr. Charles Armstrong.

Q. Will you try to fix the date that these negotiations were broken off?

A. It was sometime, I think, as near as I can remember, in the latter part of February. I think so; of course, I would not be sure.

Q. You have stated the reason the negotiations were broken off; was that Mr. Riopel insisted on your assuming all the liabilities of the company?

A. I considered I closed with Mr. Riopel; and then, when I met him with Mr. Charles Armstrong and Mr. Cameron, he insisted upon getting an interest in the concern, and of course I would not give it; and I broke off negotiations as far as I was concerned.

Q. He insisted in getting an interest in the transactions in the works, or, in the company?

A. Yes.

Q. And he insisted also on your assuming all the liabilities of the company?

A. I don't know if he insisted upon it at that time; but he often brought it up in our negotiations and wanted me to assume the debt, and I said I could not do such a thing.

Q. In your evidence before the Senate, did you not say this in referring to that interview with Mr. Riopel and Mr. Armstrong at the St. Louis Hotel: "Mr. Riopel then said he had not agreed to the arrangement, and he insisted in getting an interest in the contract and

wanted me to assume all the debts without knowing what they were. I refused to go in, and the thing broke off at that."

A. He insisted on getting an interest. That is what he was more particular about.

Q. That was your evidence before the Senate Committee?

A. It is about correct. I think he was more anxious to get the interest than anything else.

Q. Will you say at what date you considered your negotiations with the Government ended?

A. Well, I don't know that I can say at what time they ended with the Government, because I telegraphed to Mr. Pacaud, at New York, that if I could do anything to settle with the company, I was still prepared.....

Q. Were not your negotiations with the Government ended in December?

A. No, I did not consider so.

Q. Did not yourself or Mr. Cameron write to that effect to the Government?

A. Well, Mr. Cameron did write a letter to the Government; I don't know what the date of it is, but I think I have got a copy of it—telling the difficulties we had with the company; and of course, not being able to arrange with them, it was off; but we had negotiations after that letter.

Q. When did you consider your negotiations with the Government ended?

A. I did not consider they were off at all with the Government if I could arrange to settle with the company at any time.

Q. Have they continued to this day?

A. No, not at all.

Q. Can you fix a date?

A. I telegraphed to Mr. Pacaud, at New York; and when I saw him on his return in Montreal, I told him straight that I did not think he had treated me in a proper way in paying bigger prices to other parties when he was acting for me as my agent.

Q. You say your telegram to Mr. Pacaud, in New York, will give the date when you ended negotiations?

A. No; I say the telegram to Mr. Pacaud... I have not got a copy of it here; but as near as I can remember, it was to the effect that I was still prepared to go into the thing, provided I could settle with the company, and to make an offer. As far as I can remember the message, that is about the purport of it.

Q. When was that?

A. I suppose Mr. Pacaud got this message the time he was in New York. I kept no copy of it.

Q. Was it in the fall or winter?

A. That would be in February or perhaps March.

Q. Might it be in January?

A. No. I think it was in February or March. I think so.

Q. But when had you your last interview with the Government about the matter?—you or Mr. Cameron?

A. The last interview I had with the Government would really be with Mr. Mercier, the time I spoke to him in the Speaker's room.

A. At the time of the last introduction of the railway resolutions.

A. After I negotiated with Mr. Pacaud ; and in doing so, I considered that negotiations were going on with the Government.

Q. You stated that when you got a copy of the bill, the bill was distributed ?

A. I suppose so ; I got it in the Speaker's room ?

Q. You got it in the Speaker's room ?

A. Mr. Pacaud gave it to me.

Q. In the Speaker's room ?

A. Yes.

Q. It was printed ?

A. Yes, Sir.

Q. Well, will you say when you heard for the first time that Mr. C. N. Armstrong was negotiating with Mr. Thom or Mr. Cooper about the Baie des Chaleurs Railway ?

A. Mr. Pacaud told me on his return from New York.

Q. Well, when was that ?

A. That would be in March sometime.

Q. When did you leave for England ?

A. I think it was somewhere in the end of March. If I had my memo-book here I could tell exactly the date.

Q. Could you tell it within eight days ?

A. No.

Q. Was it before the Hon. Mr. Mercier left for Europe ?

A. It was not. I think he left a short time before I did. I think now, as far as I can remember, I left a short time after he did.

Q. When you heard that negotiations were going on with Mr. Thom, it was after Mr. Mercier had left ?

A. I think after Mr. Pacaud's return after being to New York to see Mr. Mercier off. I think it was that time I met him in Montreal ; and the moment I heard it. I went to see Mr. Thom.

Q. You saw Mr. Cooper afterwards when you heard he was negotiating with the Government in this matter ?

A. I saw him on my return from England, in May.

Q. Was there any negotiation between you and Mr. Cooper about your taking an interest in the new arrangement ?

A. Through Mr. Thom. He was the man I discussed the matter with. Mr. Cooper may have been present at one or two discussions ; but I had a discussion with Mr. Cooper too.

Q. Were you offered any interest in the new arrangement ?

A. Mr. Thom, when I spoke to him. I was rather astonished to see that he was looking after the work, because I had shewn him my figures, and I had looked upon him as a confidential man and knowing he had influence with Mr. Charles Armstrong, I was rather astonished when I found he was negotiating for the work. I went over to see Mr. Thom. I did not tell him who told me he was negotiating. I asked him about it, and he said he supposed it was off as far as I was concerned, and if I was still looking after it he would withdraw. I asked him what the offer was, and he said \$560,000 ; and I said : " As you are getting a great deal more than I...Before that he said if Mr. Cooper got it, he would try to associate with him.

self some practical man ; and he would like me to take a hand in. I said, if Mr. Cooper had no others into it—that is, if he had no ring—if he was alone, I would go in. On my return, he told me that Mr. Dawes was likely to take an interest in it ; and I said that Mr. Dawes was a strong man financially, and if he was going in with Mr. Cooper, I would be prepared to take a one-third interest. We had several talks about it ; and he showed me a copy of the Order in Council, and he referred me to Mr. Cooper. He was leaving for Quebec. When I spoke to Mr. Cooper, the only thing he wanted me to pay him was \$150,000 and he would settle with Charles Armstrong. This I would not do ; and then negotiations were broken off.

Q. You ceased negotiations ?

A. Everything ceased. I saw clearly they did not want to give an interest ; they wanted to sell the contract.

Q. You stated you went over the road before making the estimates ?

A. Yes.

Q. Did you go over the road in a hand car ?

A. A portion of it.

Q. Did you visit the sixty miles already built ?

A. I went over it in a hand car.

Q. What opinion did you form of the expenditure it would require to complete these sixty miles ?

A. Between sixty and seventy thousand dollars.

Q. What opinion did you form of the value of the rolling stock the company had on hand at the time ?

A. I did not see all the rolling stock ; but from what I had heard, and what little I did see, very poor. Up in Mr. Moreau's department here I got a copy of Mr. Light's report ; and he valued the rolling stock at \$60,000 ; but I did not consider it worth that from the information I got.

Q. How much did you consider it was worth ?

A. I am not prepared to say what value I put on it.

Q. About ?

A. Thirty or forty thousand dollars would be a big estimate. There was new rolling stock got by Mr. MacFarlane—one new passenger car, a second class car and express. There were a lot of flats there that I was told were perfectly useless. I saw several of them lying along the flats at New Carlisle. They were old cars before they went there, bought from some other road ; so I was told.

Q. Do you remember, Mr. Macdonald, when you were examined before the Senate Committee, the following question : “ Did any member of the Government ever give you to understand that Mr. Pacaud was an agent of the Government, or represent to you that Mr. Pacaud was an agent of the Government in this transaction, ” and your answering no to the question ? Do you remember that ?

A. Yes.

Q. That was correct ?

A. Yes, Sir.

Q. You still persist in that answer ?

A. I never got any word from the Government that he was to act for them.

By Mr. Hall :—

Q. Do you recollect, when you had your interview with Mr. Thom in Montreal, discussing Mr. Armstrong's claim—that is the interview in May last—about the amount of money the new company were to get ?

A. Mr. Thom showed me the Order in Council,—a copy of it.

Q. Did you have some discussion about Mr. Armstrong's claim and the amount they paid him ?

The answer being given, objection is taken thereto by counsel, and it is ordered to be struck out.

And further deponent saith not.

ERNEST PACAUD, of the city of Quebec, advocate and journalist, being duly sworn upon the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Jetté :—

Q. You are a journalist, and reside in the city of Quebec ?

A. I am an advocate and journalist.

Q. Mr. Irvine, who represents you here, I believe, declared that you wished to make, declaration before the Commission ?

A. Yes, Your Honour.

Q. We will be pleased to hear you, before putting any questions to you ?

A. I intended to submit to Your Honours, at four o'clock, after the adjournment, all the statements I had prepared, the statements from all the banks, with my bank books, cheques, notes and all documents in my possession, the stubs of cheques, etc., to be examined by Your Honours between now and to-morrow morning, so that you might be in a position to examine me to-morrow on that portion of my testimony.

Q. We have no objection to that. Have you any other declaration to make ?

A. I expected to be examined by Your Honours as to my relations with...

Q. My two colleagues understood the contrary : that you wished first to make a declaration ; but there is no objection to proceeding differently. I see from the testimony just given, that you had business relations with Mr. Macdonald, who has just been examined.

A. Yes, Your Honour.

Q. You had negotiations for Mr. Macdonald with the Government, respecting a contract which Mr. Macdonald was to make for the construction of the road, had you not ?

A. Yes, Your Honour.

Q. Will you explain what was the understanding and with what you were entrusted ?

A. I must first state to Your Honours that my relations with the Baie des Chaleurs Railway go back to the summer of 1890. I had occasion to meet Mr. Heaton Armstrong, banker, at the Windsor Hotel. As far as I can remember, I was introduced by Mr. Hector Cameron, of Toronto. In consequence of a conversation we all had together, Mr. Armstrong took me aside and asked me if I would not undertake the reorganization of the Baie des Chaleurs Company, that he would be disposed to negotiate the bonds of that company, and that there was a very good thing in it, that there was money to be made in the operation.

He asked me if I could not undertake to form a syndicate to buy up the interests of the directors of the then existing company.

Q. That was Mr. Heaton Armstrong ?

A. Yes, Mr. Heaton Armstrong. I told him that I would undertake it and would attend to it. Sometime afterwards, Mr. Heaton Armstrong came to Quebec, and I met him in company with the Hon. Judge Irvine, Mr. Atwater and Mr. Hector Cameron. Mr. Armstrong asked me if I had done anything in the direction of which he had spoken to me in the first interview at the Windsor Hotel. I told him yes, that I had seen Mr. Alphonse Charlebois, contractor, and that I was in treaty with him, and that I thought he would undertake to form a syndicate to buy up all the interests of the Baie des Chaleurs Company. He asked me to obtain an interview for him with Mr. Mercier, during that trip. I took steps to obtain that interview, but unfortunately, Mr. Mercier's time was taken up for every hour of that day and we could not meet Mr. Mercier. Mr. Armstrong then returned to Montreal. A few days afterwards, I received a despatch from Mr. Armstrong which reads as follows :

MONTREAL, Sept. 21st.

Would you and your friends like see me Quebec Tuesday ? Heard to-day friend coming Montreal Wednesday. Don't want miss him again.

W. HEATON ARMSTRONG,

Windsor Hotel.

I telegraphed to Mr. Armstrong that Mr. Mercier was in fact to be in Montreal on the Wednesday, and that to avoid any misunderstanding again, that I would go to meet him. I, in fact, went to Montreal to meet Mr. Armstrong. I telephoned to the Government office or to Mr. Mercier's private residence,—I do not remember which—asking an interview. Mr. Mercier stated that he would receive, and was ready to receive Mr. Armstrong and to receive me, I think about eleven o'clock. I went to the Government office with Mr. Armstrong and we met Mr. Mercier. I introduced him to Mr. Mercier, and Mr. Armstrong at once told him what was the object of his interview: it was to take advantage of his trip to Canada to obtain from the Prime Minister himself exactly how the Baie des Chaleurs Company stood, that he had heard it spoken of, and intended to negotiate the bonds of that company, and that he wished to get information from the Prime Minister himself as to the subsidies which had been paid, the subsidies which remained to be paid, and different other information which Mr. Armstrong wished to get. Mr. Mercier sent for all the statutes respecting railways, and the statutes respecting the Baie des Chaleurs Company in particular. He then answered all the questions which Mr. Armstrong asked him, as to the subsidies paid and to be paid. Mr. Armstrong said he was satisfied, and said to Mr. Mercier: I intend to negotiate the bonds, and am in a position to do so for any syndicate that will engage to undertake the work which has been abandoned. We withdrew, and Mr. Armstrong then told me that he was leaving for British Columbia, but that he would let me know when he would return. Sometime afterwards Mr. Armstrong telegraphed me.....or, I am not positive if it was Mr. Heaton Armstrong or Mr. John J. Macdonald who asked me to go to meet him at the Levis station on Sunday morning. He was on his return from inspecting the Temiscouata Railway. I crossed over to Levis and met in the special car of the Temiscouata Company, Mr. Heaton Armstrong, John J. Macdonald, Chs. McIntosh, member for Ottawa, and Mr.

Cameron. At that interview Mr. Armstrong asked me what had been the result of my endeavors to form a new syndicate. I told him that I had not seen Mr. Charlebois lately, but that I thought he was really attending to the matter. Mr. Armstrong asked me : why do you not come to an understanding with Mr. John J. Macdonald ? I said : I would be pleased to come to an understanding with Mr. John J. Macdonald because he is one of the contractors most favorably known to the Local Government, owing to the satisfaction which he gave in the construction of the Temiscouata Railway. All his engagements were faithfully carried out. I have no objection, but being in treaty with Mr. Charlebois, I can make no arrangement with Mr. Macdonald without being released from my promise by Mr. Charlebois. Immediately after that interview I went out with Mr. John J. Macdonald and we had a long conversation. Mr. Macdonald requesting me to do all in my power to get released from my promise given to Mr. Charlebois and enter into business relations with him to buy out the interests of the existing Baie des Chaleurs Company. I promised Mr. Macdonald to attend to it, and in fact, after the departure of these gentlemen—these gentlemen were leaving at the time for New York, whither they were accompanying Mr. Armstrong, who was to leave for England—on returning from this interview, I immediately went to see Mr. Charlebois and I told him : that now Mr. Macdonald, who was a responsible contractor, wished to engage in the undertaking that, a decision was required, an immediate answer was required. Thereupon Mr. Charlebois told me that the matter was too important for him to give me an immediate answer. He said to me : “ if it is so pressing as that, I release you from your promise, make your arrangements with Mr. Macdonald.” I think I notified Mr. Macdonald at once and we thenceforward entered into negotiations. I know that Mr. Macdonald went to inspect the Baie des Chaleurs Railway accompanied by his engineer. I do not remember exactly...

Q. That was after this conversation ?

A. Yes, it was after that conversation he went there.

Q. When you told him there were no further arrangements to be made with Mr. Charlebois, he went to inspect the road with an engineer ?

A. Yes. I think it was a Mr. McCarthy.

Q. Do you know about what date ?

A. It must have been..... the conversation which took place at Levis must have been about the end of September. It must have been in October, about the beginning of October that I had this conversation with Mr. John J. Macdonald. Sometime went by after that. Macdonald telegraphed me to meet him here in Quebec with Mr. Hector Cameron.

Sometime afterwards Mr. Macdonald telegraphed me to meet him here in Quebec with Mr. Hector Cameron. We talked of the negotiations we were about entering into ; Mr. Macdonald spoke to us about his inspection of the road, and we then decided to go to the Parliament House for all the information which these gentlemen wanted. I left with Mr. John J. Macdonald and Mr. Hector Cameron. We first stopped at the office of the Honourable Mr. Garneau's private secretary. I asked Mr. Bouchette to be kind enough to collect an English version of all the statutes of the Province of Quebec respecting railways in general and the Baie des Chaleurs Company in particular ; Mr. Bouchette told me he would do so and sent them to the St. Louis Hotel addressed to Mr. Cameron. I afterwards, the next day, learned that he had done so.

On leaving that office, we went to the office of Mr. Moreau, director of railways and I asked Mr. Moreau if he would kindly give to Mr. Macdonald and Mr. Cameron all the information in his power upon the condition of the Baie des Chaleurs Railway.

I left these gentlemen in Mr. Moreau's office and afterwards I withdrew.

There were several interviews afterwards ; Mr. Macdonald often telegraphed me to meet him in Quebec. During that time, Mr. Macdonald continued his negotiations with the directors and shareholders, creditors of the old company. He often asked me to go and see Mr. Mercier, to communicate to him his proposals and what he required to obtain, so as to undertake the construction of the road. Mr. Mercier always told me that Mr. Macdonald's proposals were extravagant, that he asked too much ; and naturally I insisted a good deal on Mr. Macdonald's behalf ; and Mr. Mercier told me that he personally knew the condition of the road and that, notwithstanding that Mr. Macdonald was a railway contractor, he could not exaggerate the condition of the road to him, that he knew what work was done and he would certainly not grant what was asked.

I communicated this to Mr. Macdonald, who was much discouraged. I then told Mr. Macdonald that he had better speak to Mr. Mercier himself, as I did not know enough about the state of the road to reply to Mr. Mercier in the discussion when Mr. Mercier answered what I told him by such or such a fact. Then, I know that Mr. Macdonald, at my request, had at that time an interview with Mr. Mercier.

What I now remember about the negotiations in this matter, was during the session, at the time which Mr. Macdonald has mentioned, when the railway resolutions were laid before the Legislature.

I did not meet Mr. Macdonald there by accident ; Mr. Macdonald asked me to meet him at the St. Louis at three o'clock to go to the Parliament House. It was stated in the newspapers at the time that the railway resolutions were to be laid before the House at the sitting of that afternoon. I went with Mr. Macdonald, and on arriving at the Parliament House Mr. Macdonald asked me how he could get the resolutions ; he said to me : " I would like very much to get a copy at once." I told him : " I had not been able to get a copy. This is what you should do. You will go and find Mr. Oliver—who was law clerk—and ask him for a copy ; but I will not go with you, you will go yourself. Tell him that you are railway man, I think Mr. Oliver will give you one at once."

I was to wait for Mr. Macdonald in the Speaker's room. The House was sitting at the time. Mr. Macdonald came with a copy of the resolutions in French and told me " I do not understand any of it, do try and get me a copy in English." I could not get a copy at the time, but I told him to wait and I would seize the first opportunity that Mr. Mercier would be free to ask him to come to the Speaker's room, and we would get from him all the information he wished to have.

In fact we waited about half or three-quarters of an hour ; I sent a message to Mr. Mercier in his seat, that whenever he was free Mr. Macdonald would very much like to see him in the Speaker's room. Mr. Mercier came out and they had an interview. I was present a part of the time. I know that Mr. Mercier showed the resolution to Mr. Macdonald, and that Mr. Macdonald, on seeing that, threw the resolutions on the table, stating : " It is useless,

I will do nothing with that. All that I regret is that I have lost all my time in these negotiations, it is utterly impossible for me, with the conditions you impose there, to undertake the works." I know that there was a discussion, Mr. Macdonald asked Mr. Mercier to be good enough to change it and to make it in accordance with Mr. Macdonald's request. Mr. Mercier answered him: "But my friend it is altogether impossible, these resolutions have received the sanction of the Lieutenant-Governor and I cannot make any changes in them."

After that, Mr. Mercier withdrew and I remained with Mr. Macdonald. Mr. Macdonald threatened to leave and to drop the negotiations. Then, I told Mr. Macdonald: "Do not become discouraged so quickly; this clause may be susceptible of an interpretation more favorable to your interests than you think at first sight; wait then until you have consulted your lawyer. Take the resolutions and see Mr. Irvine and ask him what this clause of the railway resolutions really gives you." Mr. Macdonald then left to consult Mr. Irvine with the railway resolutions. These are about all the negotiations I had.

Q. These resolutions are those which were afterwards voted and which are now on the Statute?

A. Yes, Your Honour.

Q. That is paragraph J of chapter 88 of the Act. 54 Victoria?

A. Yes, of last session. After that I had occasion to meet Mr. Macdonald, but I cannot give any precise date; I met Mr. Macdonald, and I know that he told me that he continued his negotiations because he hoped to recoup himself out of the old company for what he could not obtain from the Government; he said: "The Government conditions are disadvantageous, but I do not altogether give up the negotiations because, I hope to recoup myself, that is to say, to pay less for the interests of the shareholders and directors of the old company, and to settle more advantageously the claims of the creditors of the old company." Then, Mr. Macdonald continued his negotiations directly with Mr. Riopel and Mr. C. N. Armstrong; I saw him several times with these gentlemen, at the St. Louis Hotel, and I know that Mr. Macdonald told me that he had great trouble with Mr. Riopel, who insisted on conditions that were too onerous, or who changed his conditions from one interview to the other; but I know nothing personally; that is what Mr. Macdonald told me during our interviews.

Subsequently, I received a letter from Mr. C. N. Armstrong, a letter asking me if I would treat with him, that he was about forming a new syndicate to take the place of Mr. Macdonald, who was withdrawing. Here is the letter, I might read it if Your Honours wish.

Hon. Mr. Justice Jetté:—

Read it.

The witness reading:

"MONTREAL, 10th March, 1891.

"My dear Pacaud,

"You will remember my asking you if I could arrange with you with reference to the subsidies voted for the Baie des Chaleurs line last session if Macdonald did not arrange. It seems quite clear that Macdonald will do nothing, and matters cannot remain as

they are. I think I am now in a position to form a small syndicate here who would join me in taking hold of the whole matter and put it through. They would be men of sufficient means to carry it through successfully. We would buy out the present company, who would have nothing more to do with the line, and form a new company. The Government would have to advance, out of the subsidy voted last session, a sum sufficient to pay all debts due along the line, etc., and to settle up with the subcontractors. The new company would find all the means necessary for fully completing the line and would arrange so as to commence construction at once.

"I thought of going down to-night, but I hear Mr. Mercier will be here to-morrow, and you will probably be with him, so I may see you here. In case you are in Quebec, I think it would be well for you to come up to-morrow, so as to see Mr. Mercier before he leaves, and come to an understanding.

"Please acknowledge receipt of this letter by wire and let me know if you are coming up.

"Yours,

"C. N. ARMSTRONG.

"Please let no one know that we are negotiating."

This letter is filed as **Exhibit No. 73.**

I then replied to Mr. Armstrong that I could not go to Montreal on the day he asked, but that I would be there on the evening of the eleventh, that I would be at the Windsor Hotel, on my way to New York, I was to leave on the morning of the twelfth.

On the morning of the eleventh, in answer to this despatch, I received this letter from Mr. Armstrong :

"MONTREAL, March 11th, 1891.

"My dear Pacaud,

"Your telegram to hand. I have seen my friends again to-day and think there is now no difficulty in arranging the whole Baie des Chaleurs matter if Mr. Mercier is willing to treat the parties reasonably. Can I see you to-morrow evening on arrival and where? Please telegraph me. As there will not be much opportunity of meeting Mr. Mercier to-morrow night I might perhaps accompany you part of the way to New York, and we could discuss the matter fully on the train.

"Yours,

"C. N. ARMSTRONG."

This letter is filed as **Exhibit No. 74.**

I went to Montreal; as he desired, I telegraphed Mr. Armstrong that I would be pleased to meet him at the Windsor on the arrival of the train on the evening of the eleventh. Mr. Armstrong came to meet me and renewed his proposition contained in his letter of the 10th March. I told Mr. Armstrong that I was not in a position to discuss the Baie des Chaleurs matter with him; I considered myself bound towards Mr. John J. Macdonald, and as long as Mr. John J. Macdonald had not released me from that bargain, I could not listen to any of his proposals.

Notwithstanding that Mr. Armstrong asked me if there was any objection accompanying us, myself and friends, the next day on the New York train, the day which left on the morning of the twelfth. I told him no, that I would be pleased that we might talk over the matter if he wished.

The next morning I met Mr. Armstrong on board the train, he was in the parlour and my friends, Mr. Mercier, the other ministers and some other friends who accompanied him were in a special car of the Grand Trunk Company, I think.

Mr. Armstrong then told me that the Honourable Mr. Laflamme had the evening before written to Mr. Mercier on Mr. Cooper's behalf to ask him if he would not be disposed to consider the proposal of Mr. Cooper, Mr. Dawes and some other gentlemen, to undertake the completion of the construction of the Baie des Chaleurs Railway. Mr. Armstrong told me that he was very anxious to see Mr. Mercier's answer to that letter of Mr. Laflamme and he then asked me to arrange an interview between Mr. Mercier and himself. I went to the other car and asked Mr. Mercier. Mr. Mercier asked me why Mr. Armstrong wanted to see him, whether it was on business or otherwise. Mr. Mercier told me : " If it is on business I do not wish to see him ; he is welcome if he wishes to come into our car, he comes to talk to us of the Baie des Chaleurs, I have Mr. Laflamme's letter, and I will give you what answer to give directly to Mr. Laflamme's request which he made me, and I will see Mr. Armstrong on this matter." I returned to the other car and I told Mr. Armstrong that Mr. Mercier would give the answer to Mr. Laflamme direct ; that on his return to Montreal he might go and see Mr. Laflamme, and that I knew that Mr. Mercier would see Mr. Laflamme before leaving New York.

Nevertheless, on the instances of Mr. Armstrong, I gave him a despatch. I must state the instances of Mr. Armstrong, as I always answered him that I was not free to enter into negotiations with him, that I could not listen to any of his proposals. When, at Mr. Armstrong's suggestion, I consented to give him a despatch which I wrote on a scrap of paper on my knee. I wrote a despatch in pencil for him to the Honourable Mr. Irvine, asking him if he had received an answer from Mr. Macdonald, because I must observe that on the 10th of Mr. Armstrong's letter of the tenth of March I had communicated it to Mr. Irvine and I do not remember if I got him to read it or if I only gave him the substance of it, but I told him that Mr. Armstrong pretended that Mr. Macdonald had withdrawn from the negotiations and that he himself offered to favour a new syndicate composed of responsible men who would complete the works. Then I said to Mr. Irvine : " You see how matters are ; you must get an answer from Mr. Macdonald, we must know what he intends to do, whether he has withdrawn or if he intends to continue the negotiations ; " then I prepared the despatch and gave it to Mr. Irvine on board the cars, and I asked Mr. Armstrong to send it for me from the car at St. Jean d'Iberville, where he was to leave the train. The despatch to Mr. Irvine has since been produced here ; it was to ask him if he had an answer, and whatever was the answer I would forward it to me to the Brunswick Hotel, at New York, on the following Wednesday. I then told Mr. Armstrong that if Mr. Macdonald did not give an answer between that Friday, and Wednesday of the next week, that then I would consider myself free from him and would be disposed to enter into negotiations with him, Mr. Armstrong.

I must state also that I think I telegraphed again to Mr. Irvine on arrival at New York in the same sense, to confirm the despatch that I had entrusted to Mr. Armstrong.

received in the same interval from Mr. John J. Macdonald the despatch of which he spoke a short time ago, which reads as follows :—

“ OTTAWA, Ont., 13.

“ ERNEST PACAUD,
“ Brunswick Hotel,
“ New-York.

“ Going Montreal to-morrow to meet Armstrong about Baie des Chaleurs. If I can arrange with him and Riopel, am prepared to take hold of scheme on conditions discussed with you.

“ JOHN J. MACDONALD.”

This telegraph is fyled as **Exhibit No. 75.**

Q. The Mr. Armstrong referred to in this despatch, is he Mr. Heaton Armstrong or Mr. C. N. Armstrong ?

A. It is Mr. C. N. Armstrong who is referred to in Mr. John J. Macdonald's despatch.

Q. The Mr. Armstrong of whom you spoke a few minutes ago is Mr. C. N. Armstrong ?

A. Mr. C. N. Armstrong, contractor, of Montreal.

A. Mr. Heaton Armstrong, banker, had then returned to England ?

A. Yes, Your Honour.

Q. He had gone back to England ?

A. Yes, Your Honour. On the seventeenth, which was the Wednesday I received this despatch from Mr. C. N. Armstrong.

“ MONTREAL, Que.

“ To ERNEST PACAUD,
“ Brunswick Hotel,
“ New-York.

“ Have you final answer. Shall I proceed with negotiations.

“ C. N. ARMSTRONG.”

This telegraph is fyled as **Exhibit No. 76.**

I answered Mr. Armstrong that the delays had passed and that Mr. Macdonald had not expressed his wish to continue the negotiations. I must have telegraphed him—I have not the despatch,—that he might come.

Later in the day, the same day, I received this answer to my last despatch to Mr. Armstrong :

“ MONTREAL, 17th March, 1891.

“ To ERNEST PACAUD,
“ Brunswick Hotel,
“ New-York.

“ Cooper and I will be in New York Thursday morning. Arrange meeting.

“ C. N. ARMSTRONG.”

This telegram is fyled as **Exhibit No. 77.**

It being four o'clock in the afternoon, the deposition of the witness is adjourned until the following day, the twenty-third day of October (1891), one thousand eight hundred and ninety-one.

J. BELANGER,
Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province constituting and appointing the Honourable **LOUIS-A. JETTÉ**, Judge of the Superior Court, the Honourable **LOUIS-FRANÇOIS-GEORGES BABY**, Judge of the Court of Queen's Bench, and the Honourable **CHARLES-PEERS DAVIDSON**, Judge of the Superior Court, Commissioners, to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

10th SITTING.

The twenty-third day of October, in the year of our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice	LOUIS-A. JETTÉ,	President,
"	"	"
"	"	"
"	"	"
	LOUIS-FRANÇOIS-GEORGES BABY,	
	CHARLES-PEERS DAVIDSON.	

Commissioners.

ERNEST PACAUD, advocate and journalist, again appeared and continued his deposition as follows :

By Hon. Mr. Justice Jetté :—

Q. We stopped yesterday in your evidence, Mr. Pacaud, at the point when negotiations with Mr. Macdonald were broken off and negotiations with Mr. Armstrong commenced ?

A. Yes, Your Honour.

Q. Will you be good enough to continue your recital ?

A. Yes, Your Honour. It was the morning of the 19th March, at the Brunswick Hotel New-York. I was talking in the rotunda of the hotel with the Honourable Mr. Robidoux and the Honourable Mr. Charles Langelier when Mr. C. N. Armstrong came into the hotel, accompanied by another gentleman, who I first thought was Mr. Cooper, as he had telegraphed me the evening before that he was coming with Mr. Cooper. After shaking hands with Mr. Armstrong, he introduced Mr. Thom to me, as being Mr. Cooper's representative. Mr. Armstrong then also introduced Mr. Thom to my friends, the Honourable Mr. Robidoux and the Honourable Mr. Langelier. We talked of things generally for a while, then Mr. Armstrong told me that he wished to speak to me privately, and asked me to withdraw with him. We had been walking up and down the rotunda of the Brunswick Hotel. Mr. Thom was with Hon. Mr. Robidoux and the Hon. Mr. Charles Langelier in another part of the same room. Mr. Armstrong said to me : " Well, I understand by your dispatch I

received, that you are now willing to take hold of my matter." I said to Mr. Armstrong: "Yes, I am inclined to do so, but before going further, I wish first to know if you saw Mr. Macdonald in Montreal on Monday, because I received a despatch from Mr. Macdonald telling me that he saw you, in the Baie des Chaleurs matter in Montreal on the following Monday. I received that despatch on the Saturday." I read the despatch to him, the despatch which I read yesterday and which I produced.

Mr. Armstrong told me, I think, that he had not seen Mr. Macdonald on the Monday; that in any case there was no understanding or settlement between him, the directors of the company and Mr. Macdonald. I then said: "Well, I gave Mr. Macdonald up to yesterday; he has given me no definite answer; I am ready to do business with you."

Mr. Armstrong then asked me: "Now, what interest do you wish me to give you in the matter?" I told him: "before going further, I wish to know two things from you: if the syndicate which you are about to form will bind itself, first, to be content with what the statutes allow up to the present time to the Baie des Chaleurs Company, to ask for nothing else either by Order in Council or otherwise, or by promise of new legislation; secondly, that your syndicate be composed, at least, of Mr. Cooper, whoever the others may be, and that Mr. Cooper and his associates be prepared to give to the Government all the guarantees which the Government may require for the faithful execution of their engagements with the Government." Mr. Armstrong told me that he would make it a condition *sine qua non*.

"Then, Mr. Armstrong again asked me: "What interest do you require"—or something like that, I do not remember exactly the expression, it was in English, but it may be rendered something like that: "What interest do you wish me to give you in the matter, or, do you require in the matter?" Then, I said to Mr. Armstrong: "What will you offer me?" Mr. Armstrong answered: "Mr. Cameron told me he was to give you \$75,000 well, I will give you the same sum."

Then I answered Mr. Armstrong: "But, on the other hand, you told me that you were to accept \$75,000 from Mr. Cameron for your claim, and you also told me that you had an understanding with the Cooper syndicate that you were to have \$175,000; why do you not give me the surplus of the \$75,000, if I succeed with your business?"

Mr. Armstrong said to me: "Very well, I agree; I will give you the whole surplus of the \$75,000 on the sum which will be paid for my claim."

We then left to join Hon. Mr. Langelier, the Hon. Mr. Robidoux and Mr. Thom. Mr. Armstrong called me aside again to tell me that one of the conditions of this agreement was that not only should I get the proposal of the Cooper syndicate accepted by the Government, but that I should get it accepted within a certain time, as Mr. Armstrong had explained to me that there was an agreement between the directors of the company and Mr. Cooper that they consented to receive a fixed sum for their interest in the company provided that the sum was paid within a certain time. I think, as far as I can remember, it was forty-five days, and that the forty-five days ended on the twenty-eighth April, because if the transaction was not carried out within that time, the directors of the company would have a right to come against Mr. Cooper, and ask a much larger sum than they had agreed to accept for their interest.

I told Mr. Armstrong that I accepted that condition, and we then returned to find Messrs. Thom, Langelier and Robidoux. When we reached these gentlemen they were engaged in discussing the question of the security the syndicate would furnish the Government. Mr.

obidoux said that the Government would not give one cent of the \$280,000, notwithstanding the solvency of the persons named by Mr. Thom, unless they would deposit in money in the Bank of Montreal or give other sufficient security that they would execute the rest of the obligations mentioned in the clause of the statute, that is to say to complete the road. When we came up, they immediately stopped the conversation, bade us good day and withdrew. I had no other conversation with Mr. Armstrong, not in the course of the day.

I must say that I was astonished at the sum mentioned by Mr. Armstrong, because there had never been question between Mr. Macdonald, Mr. Cameron and myself, of any sum whatever. My first idea was, that perhaps Mr. Heaton Armstrong, the banker, who was to negotiate the bonds, as he had addressed himself to me, had left me his address before leaving, had made me his agent for this special business, had perhaps considered that he was obliged to give me a share of the commission, as his representative, when the bonds were sold, and that it was that that induced Mr. Cameron..... I knew nothing of it, that that was my first idea to explain how Mr. Cameron had fixed upon such a high figure for Mr. Armstrong, because I swear positively that I never counted on receiving more than four or five thousand dollars for my services from Mr. MacDonald or Mr. Cameron; I had an idea that they would probably give me an equivalent to that sum. I was much astonished when I heard Mr. Armstrong mention to me such a high figure, and it was for that reason that I thought I was in sight of a sort of gold mine which I thought I should work and that is why I asked for the \$25,000 additional. And I must say that the \$25,000 additional which I asked for were allowed with the same readiness as the \$75,000 had been offered to me.

Before leaving New York, I received a despatch from John J. Macdonald; this despatch:—

“ OTTAWA, March 21st, 1891.

“ To ERNEST PACAUD,

“ Brunswick Hotel,

“ New York.

“ Leaving here Monday for New York, taking steamer for Liverpool Wednesday. I am very anxious to see you before sailing. Can you meet me in New York Tuesday or in Montreal Monday?

“ JOHN J. MACDONALD.”

I produce this telegram as **Exhibit No. 78.**

I answered Mr. Macdonald that I could not remain in New York any longer, asking him if he could not, instead of Monday, meet me in Montreal on Sunday, so that I could take the Sunday afternoon train to go on to Quebec. Mr. Macdonald again telegraphed no, that he could not meet me, but to be good enough to remain until Monday, that he wished absolutely to see me. I returned from New York on Saturday evening, I think it was the same day, the 21st, and I reached Montreal on Sunday morning. I met Mr. Boswell, Mr. Macdonald's partner, who came to meet me to tell me again that Mr. Macdonald could not come to Montreal before Monday. He told me that he was to leave by the New York 4 o'clock train to take the steamer at New York and wished greatly to see me. I remained and met Mr. Macdonald. Mr. Macdonald asked me what was the news. I told him how it was, that after all the despatches which I had sent him, the despatches which I had sent to Mr. Irvine, that not having any definite answer, I had agreed with Mr. Thom,

and that I was now going to do all I could to get the contract for building the Chaleurs Railway to the Cooper syndicate.

Mr. MacDonald then said he was satisfied. He said to me : " I would have liked to be in the enterprize, and I took a great many steps, I lost a great deal of it, but Mr. Riopel was impracticable. It is evident that during the whole time I was treating with me, he had promised to others that he would assign his interest to me, but he kept me in treaty like that for nothing." But in any case Mr. MacDonald said to me " leave you my address to the care of the Montreal Bank, London, and I hope you will apply to me and to Mr. Cameron for the negotiation of the bonds. Although I got the contract, I am at least in treaty with Mr. Armstrong, banker of London, disposed to negotiate the bonds, and I ask you not to apply to any other person but Mr. Cameron or myself." He then gave me his address as I have just stated, to the care of the Montreal Bank, London.

We then separated. I returned to Quebec on the 30th March.

The first communication that I had was, I think, from C. N. Armstrong. He wrote me this letter :

" MONTREAL, 30th March,

" My dear Pacaud,

" Mr. Thom goes down to Quebec to-night, in connection with the Baie des Chaleurs Railway matters, and wishes to get the details arranged as far as possible without delay. He wishes to find out exactly how and when the \$280,000 will be paid by the Government. I suppose the best plan will be for you to take him to Mr. Garneau and settle the matter. When will R. Biloux and Langelier return ?

" With reference to the agreement between you and me, I wish you would agree to put Mr. Thom into your confidence. He can be absolutely relied on, and some members of the syndicate must be informed. As long as he was satisfied, no one else in the syndicate must know anything. If you agree with this, please speak to him while he is down and make an understanding. If you decide not to speak to him on this point, you have no objection to remain silent about it.

" Yours sincerely,

" C. N. ARMSTRONG

I produce this letter as **Exhibit No. 79.**

I think I did not answer Mr. Armstrong in writing, but at the interview which took place on the receipt of this letter, Mr. Armstrong asked me what answer I gave respecting his request to allow Mr. Thom into the secret of our agreement. I told him that I strongly objected to it, and that if he told Thom or any one else, I would not transact business with him. I had been dealing directly with him and I did not wish to mix any person with our business. Mr. Armstrong told me that, as I did not agree, he would say nothing to Mr. Thom. He was on the 30th March. On the 14th April, I received this new letter from Mr. Armstrong.

" MONTREAL, April 14th, 1891

" My dear Pacaud,

" Your two telegrams to hand. Mr. Thom, who was arranging matters with the Bank in Toronto, would have gone through with me to Quebec to-morrow morning. We will now await further advices. I hope there will be no great delay, for I am

" damages to the line by this spring's freshets, and the new company wish to get to work at once. Please wire me as soon as you know Mr. Robidoux will be down.

" In haste,

" Yours,

" C. N. ARMSTRONG."

I produce this letter as **Exhibit No. 80.**

On the same day, I received from Mr. C. N. Armstrong the following despatch :

" MONTREAL, April 14th, 1891.

" Thom in Toronto seeing Ontario Bank. Have wired him. Can probably go down to-morrow night. Will wire later.

" C. N. ARMSTRONG."

I produce this despatch as **Exhibit No. 81.**

On the 16th April, I received this other despatch from C. N. Armstrong, dated from Sorel :

" SOREL, April 16th, 1891.

" Thom went Quebec this morning. Will go down with Riopel to-morrow.

" C. N. ARMSTRONG."

I produce this despatch as **Exhibit No. 82.**

I think that Mr. Armstrong came to Quebec at that date. I produce these despatches so as to better trace the date of the negotiations which were held when Mr. Armstrong or Mr. Thom came to Quebec.

They first came on the 30th of March. Mr. Thom came to see Mr. Garneau and Mr. Robidoux and the ministers who were here, but Mr. Armstrong, I think, did not come to continue the negotiations until about the 17th April, that is to say, on the return of the Hon. Messrs. Robidoux and Langelier, who had gone to visit institutions in the United States.

From the 17th to the 23rd April I, at Mr. Armstrong's request, took all possible steps to successfully conduct his business. I saw the Hon. Mr. Charles Langelier and the Hon. Mr. Duhamel specially, because I was better able to see them every day, and then because I was more familiar with them; being younger than myself, I was more inclined to see them than go and see the older ministers, whom I did not meet daily as I did Mr. Duhamel and Mr. Chas. Langelier. I did all I could to convince them of the importance of making the arrangement to accept Mr. Thom's proposal on behalf of the Cooper syndicate. I represented to these gentlemen that Mr. Mercier, on a visit he had made to his electors after the election, had promised at all the public meetings, that the workmen who had worked on the construction of the road, who were unpaid and who had been waiting several months, would be paid, and that the railway would be built, that was a kind of promise upon the fulfilment of which depended, in my opinion, Mr. Mercier's popularity in the Gaspé region.

That is what I insisted on to the ministers, telling them that it was extremely important that the construction of the road should be completed, and the disastrous condition in which the road then was, put an end to.

I also helped Mr. Armstrong to answer all the objections which were every day made during the negotiations.

I also remember having written to the Hon. Mr. Garneau, telling him that the situation was very serious, that Mr. Thom was discouraged by the slowness of the negotiations and threatened to return, that the first company having stranded in its effort to build the road, and that Mr. Macdonald, a responsible contractor, not having been willing to undertake it, if this third syndicate disappeared, it was certain that the road would never be built; that the works already made and which were abandoned would be destroyed by snow, not being protected.

I think it was in that sense I wrote him to represent to him the importance of accepting Mr. Thom's proposal.

About the same time, perhaps it was the next day, I went to Mr. Garneau's, and I verbally repeated to Mr. Garneau the same representations which I had made in my letter. Mr. Garneau gave me, as the sole objection, that the matter was too important for him, who only replaced Mr. Mercier, to undertake to settle it. He said to me: "It is true that Mr. Mercier will not be here before two or three months, but in any case, why not await Mr. Mercier's return? It concerns him, it is in his county, will he be satisfied with that syndicate? Finally, I prefer awaiting Mr. Mercier's return."

I said to Mr. Garneau: "If you have the slightest doubt in the matter, telegraph to Mr. Mercier yourself, and you will see that Mr. Mercier will say that if the syndicate is a responsible syndicate according to your opinion, then you must not hesitate with them, provided you get from this syndicate all requisite security." Mr. Garneau said to me: "That is all right I will attend to it. Do not let Mr. Thom go away." I returned and told this to Mr. Armstrong, and told him to try and stop Mr. Thom from going away but to continue the negotiations.

I continued with Mr. Armstrong daily, helping him to answer objections made by the Government. There were several objections. They said first, that Mr. Thom, in producing a certificate from the secretary of the Baie des Chaleurs Company, certifying as to the number of shares, and the names of the holders of the shares, that this certificate was not sufficient. Then, as far as I can remember, I showed them the clause of the law which states that before the court the certificate of the secretary of a company is sufficient proof to show the number of shares held by a shareholder, and that it is not necessary to produce all the books of the company before the courts to establish that, and that should be no more necessary before the Department of Public Works than before the Courts of Justice.

Another objection which was again made, was that the company had not asked for the conversion of the subsidy. I then asked Mr. Armstrong to answer to that, that the company could not ask it, for the very good reason that it did not belong to it, that it was well understood that the intention of the Legislature never was to grant the subsidy to the company, that on the contrary it wished to cancel its charter, to take away the subsidy from that company; that it was granted to any person who would undertake to pay the debts and build the road;—to any person. The person then who presented himself was Mr. Thom, in his quality of representative of different other persons. I then asked him to urge that, and from the moment that he, Mr. Thom, (to whom the subsidy was granted, from the moment that the proposal that he made was accepted by the Government), asked for the conversion of the subsidy, that that was the only authority able to ask for the conversion from the Government. I asked them to urge these reasons in answer to the objection

It was also pretended another day that Mr. Thom had not sufficiently showed to the department that he really represented Mr. Cooper, Mr. Dawes, and the other gentlemen who were mentioned by Mr. Thom. Then I told Mr. Thom : "Get these gentlemen to come here, Mr. Garneau wishes to see them personally, or else write to Mr. Cooper, that he get a joint letter or separate letters from all these gentlemen, let them write directly to Mr. Garneau " I understand that is what was done.

The negotiations were daily carried on by us in that way up to the Order in Council of the 23rd April. The negotiations were afterwards continued for the preparation of the letters of credit during the interval between the 23rd and the 28th.

After the Order in Council was passed, I interested myself for Mr. Armstrong in finding a way to get the letters of credit discounted by the banks.

One of the objections also, one of the reasons for the delay, was that there was not money enough in the Treasury at the time to pay all the claims, the (\$175,000) one hundred and seventy-five thousand dollars for Mr. Armstrong and the claims of the workmen, forty to fifty thousand dollars to pay workmen who had worked on the construction of the road. Then I got Mr. Armstrong to tell Mr. Thom and the others not to mind about that, not to mind that there were not all the funds required, but that he, Mr. Armstrong, would be ready to accept a letter of credit in payment, and that he would get the funds required from the Union Bank.

That is why I had dealings with Mr. Webb. I endeavored to induce the Union Bank to take the (\$175,000) one hundred and seventy-five thousand dollars. He had agreed at first; then Mr. Webb told me that the bank could not take the (\$175,000) one hundred and seventy-five thousand dollars. I then went with him to the Banque Nationale to get the Banque Nationale to take seventy-five thousand dollars and that the Union Bank would take the hundred thousand. The Banque Nationale agreed. That is why I asked Mr. Webb to go to the department and ask in place of a letter of credit for (\$175,000) one hundred and seventy-five thousand dollars, two letters of credit, one for (\$75,000) seventy-five thousand dollars in favor of the Banque Nationale, and one of (\$100,000) one hundred thousand dollars in favor of the Union Bank. I understand that is what was done.

In the afternoon of the twenty-eighth, I did not go to the Parliament House while the Ministers were there. I drove up about four or half-past four o'clock, and I met Mr. Webb, the cashier of the Union Bank, and I asked him if he had got the letter of credit; he said yes, that he had it in his pocket. Then I told him that I would see him the next morning about the matter.

The next morning, Mr. Armstrong came to my office and said to me : " Well, now the whole matter is settled, I have only now to pay you what I owe you." I said : " Very well. If it is the same thing to you, Mr. Armstrong, instead of a cheque for (\$100,000) one hundred thousand dollars, give me five cheques of (\$20,000) twenty thousand dollars." He said : " Very well, it is quite the same." He also said : " Only I will go for Mr. Langelier." I said : " Do you know where he is?" He said : " I saw him in a waggon with his son at the door of the Banque Nationale : I will go and look for him at once." In the meantime, I sent my secretary for blank Union Bank cheques and I put them on the table. Mr. Armstrong returned with Mr. Langelier, and he said to Mr. Langelier : " Will it be the same thing for you to give me five cheques of (\$20,000) twenty thousand dollars?" Mr. Langelier said : " It is the same. I had prepared your check for (\$100,000) one hundred thousand dollars, but if you wish for five cheques of (\$20,000) twenty thousand dollars, I will tear up your (\$100,000) one

hundred thousand dollars cheque and make five others of (\$20,000) twenty thousand dollars." Then he took a paper on which he wrote. I did not read it, but from tenor of the conversation it must have been a cheque to the order of Mr. Armstrong. He sat down at my desk and wrote five cheques of (\$20,000) twenty thousand dollars. After making them to Mr. Armstrong's order, Mr. Armstrong sat down in Mr. Langelier's place, he endorsed the five cheques, folded them and put them in his pocket.

Immediately after this Mr. Armstrong told me he was in a hurry, that he was leaving by the 1.15 train—it was about twelve when this happened—he was leaving for Montreal about a quarter past one. I went with Mr. Langelier and Mr. Armstrong to the door. Before closing the door, Mr. Armstrong returned to my office and, indicating my secretary, I understood by the sign that he made that he did not wish to hand me the cheques in presence of my secretary, Mr. Edge; he then asked me to follow him. I went into the passage outside of my office and there he took the five cheques, gave them to me—I put them in my pocket—telling me: "You see what sort of a man I am, I know how to keep my word." I said. "I never doubted it, Mr. Armstrong", or something to that effect. I then shook hands with Mr. Armstrong, bade him good day, and he went away.

When Mr. Armstrong was gone, I examined the papers that he had given me, and I found that they were the five cheques which he previously endorsed on my desk.

As far as I can remember, on the very same day I went to the Union Bank and placed the five cheques in Mr. Webb's hands; that day or the next day, I think it was that day. I left them with Mr. Webb for sometime and I withdrew them to get them discounted, one that I withdrew to discount at the Banque du Peuple on the sixth of May, another of (\$20,000) twenty thousand dollars that I withdrew to discount at the Banque Nationale on the fourteenth of May; I had a third which I endeavored to discount at the Banque du Peuple in Montreal; not having succeeded, I kept it, and when the letter of credit for (\$100,000) one hundred thousand dollars became due I returned it to Mr. Webb, with the two others of (\$20,000) twenty thousand dollars which he already had, that made (\$60,000) sixty thousand which he placed to my credit.

I think it was on the fifth of May that I asked Mr. Philippe Vallière if he would endorse a (\$20,000) twenty thousand dollar note at the Banque du Peuple, telling him that I would give him as security, a cheque signed by Mr. Chrysostôme Langelier in his quality of commissioner, to the order of Mr. Armstrong and endorsed by Mr. Armstrong, which cheque was secured by a letter of credit which was deposited in the Union Bank and which would be paid on the tenth of July. I went with Mr. Vallière to Mr. Dumoulin, to the Banque du Peuple, and then we asked Mr. Dumoulin if he would discount my note for (\$20,000) twenty thousand dollars, endorsed by Mr. Vallière, telling him at the same time that Mr. Vallière would receive as security for his endorsation a cheque which I intended to give him. Mr. Dumoulin said yes. Then Mr. Vallière and I left.

This was in the afternoon, about four o'clock. We left to go to the Union Bank. I asked Mr. Webb if he had any objection to give me a letter addressed to Mr. Vallière, telling Mr. Vallière that he in fact had a letter of credit for the sum of one hundred thousand dollars (\$100,000), and that when that sum was paid, he would pay the cheque attached to the note. Mr. Webb said that he had no objection, that he would write the letter and would send it to Mr. Vallière that very evening.

The next morning Mr. Vallière came and told me that he received Mr. Webb's letter. Then we went to the Banque du Peuple. Mr. Vallière said to Mr. Dumoulin: "I have all the security I want; I am now ready to endorse Mr. Pacaud's note; be good enough to discou

it and place the amount to his credit. This was done, the amount was placed to my credit.

I produce that note for twenty thousand dollars (\$20,000), at the Banque du Peuple as **Exhibit No. 83.**

On the fifteenth May the same thing was done at the Banque Nationale. We had asked the bank official if he would under those conditions discount my note endorsed by Mr. Philippe Vallière.

The bank agreed; we discounted the note and the amount was placed to my credit less the interest. I produce that note as **Exhibit No. 84.**

Sometime afterwards, that is a long time afterwards, after the letter of credit had been paid, I met Mr. Armstrong at the St. Louis Hotel, and there was some question of the interest on the one hundred thousand dollars (\$100,000), Mr. Armstrong told me that the interest belonged to me, because I had the surplus over seventy-five thousand dollars (\$75,000). Then he said that he would make the cheque for the five hundred and thirty-four dollars and twenty-five cents (\$534.25), amount of the interest on the one hundred thousand dollars, and I wished to go and get the cheque about twelve or half-past twelve at the St. Louis Hotel, as he was going at a quarter past one by the Pacific train. I did not go. Mr. Armstrong came to my house and brought me the cheque for five hundred and thirty-four dollars and twenty-five cents (\$534.25) endorsed by him for the interest. I presented the cheque to the Union Bank and I received the amount.

If Your Honours will allow me, with respect to the question of the amount which Messrs. Macdonald and Cameron might have promised me, I declare in the most positive manner that there never was between Mr. Macdonald, Mr. Cameron and myself a question of any amount, the matter was not even referred to. I wish to mention another circumstance to corroborate this declaration.

In the beginning of September last, when I was in London, I received a letter from Mr. Hector Cameron, who was in London, dated the eleventh September. He had come to the hotel, I had gone out, and he left me this note, giving me his address, his hotel, and asking me to go and see him; that he was present at the inquiry made before the Senate in the *laie des Chaleurs* matter and that he was very anxious to meet me. I went to meet him at his hotel as he asked me in his letter and he told me all the news, he told me all that had passed at the Senate enquiry. Thereupon I said to Mr. Cameron: "But I said, our friend Macdonald has stabbed me." He said: "How is that?" I said to him: "I saw, in papers here, in the *Times*, that Mr. Macdonald had sworn that it was agreed to pay me (\$50,000) fifty thousand dollars." I said to him: "Mr. Cameron, you know well that there never was a question of fixing any amount, neither with you nor with Macdonald; you know it perfectly well." But he said: "Certainly I know it; Macdonald never said that." He said to me: "Macdonald declared that he had placed in his estimate a sum of (\$50,000) fifty thousand dollars, but he never pretended that he had spoken to you about it, or that it had been a question between you." Mr. Cameron even offered to go with me to the Canadian Agency, to Sir Charles Tupper, to show me the *Times* which reported Mr. Macdonald's deposition, to show me that when the question had been put to Mr. Macdonald: "Had you to justify your placing (\$50,000) fifty thousand dollars in your estimates as having to be paid to Mr. Pacaud other reasons, than your past experience?" he had answered no. Then Mr. Cameron said: "You see well that there could not have been question of that between you, as he positively swears that he had only his past experience to go by in that estimate."

Then I said to Mr. Cameron: "They are forming a Royal Commission. I see in *Times* the letter of Lieutenant-Governor Angers, which has just been placed before the Senate in which there is a question of the appointment of a Royal Commission. I hope, Mr. Cameron, that you will do me that much justice if that fact is ever denied." He said: "I am ready to give evidence either under a *commission rogatoire* or otherwise, and to affirm that there was any question of amount between you and me, and that Mr. Macdonald told me that that there never was any question of amount between you and him."

I wish to make this declaration. If there was any means of putting the question to Mr. Hector Cameron, in accordance with the promise he made me, I would be very glad. The letter is of the twelfth and it was on the Saturday, the fourteenth, in the morning at his hotel, that Mr. Cameron told me this.

I produce as **Exhibit No. 85**, the letter dated the twelfth September (1891), eight hundred and ninety-one, which Mr. Hector Cameron wrote to me.

By Hon. Mr. Justice Jetté :—

Q. Have you anything else you wish to add?

A. There is a good deal more, which does not come in this part of my evidence. I have not reached the point of accounting for the one hundred thousand dollars (\$100,000).

Q. Keep to the order you intended to follow.

A. I think it would be better to commence now to explain what I did with the (\$100,000) one hundred thousand dollars.

Hon. Mr. Justice Jetté :—

Mr. Pacaud requested yesterday, and I think that his request is reasonable, that the statements of account be not considered as produced until he has given his evidence. In the meantime we think that all the counsel should have communication thereof; but with regard to what happened yesterday, I think that it would be a protection against certain indiscretions of the press, not to consider these statements of account as produced. Naturally the statements will become public, but it is well that they should become public only with explanations that should accompany them. If any one of the counsel desires to take communication, he may do so on his word as an advocate that he will not disclose the contents until they have really become the property of the Commission.

BANQUE NATIONALE.

A. I produce as **Exhibit No. 86**, first, an explanatory statement showing the application by me of the various amounts which I drew on the Banque Nationale, and secondly, a statement of my account at the Banque Nationale, certified by the cashier of that bank.

Item 86-1 reads as follows:—May 14, that is to say, date of the issue. 15 (date of acceptance), cheque produced; to pay my note due, to the order of Mr. Mercier, endorsed by F. and C. Langelier and C. A. P. Pelletier. That item number 86-1 is represented by a note of five thousand dollars (\$5,000), signed by me, endorsed by the Honourable Mr. Mercier, the Honourable Charles Langelier, the Honourable C. A. P. Pelletier and the Honourable François Langelier; dated the fifteenth April, eighteen hundred and ninety-one (1891), and payable one month after date. This item also includes the cheque which I drew on the Banque Nationale to pay that note.

As there are other notes of the same kind, I think it would be as well at once to give an explanation I have to give for the existence of that note.

been entrusted by my party with the supervision of the organization during the last elections for all that part of the Province from Berthier exclusively on the north shore to Gaspé exclusively, and on the other side as far as the Eastern Townships inclusively as Gaspé on the south shore. I consequently made the organization for the which had been confided to me. For this I was obliged to incur considerable expense. I had to pay over fifteen thousand dollars (\$15,000) for campaign literature, that is, for pamphlets which I got distributed to all the electors in the different counties in every direction. I had a certain sum, but there remained a portion of the expenses of the organization to be raised among friends by means of subscriptions. As we were in haste, on the eve of the polling, I had no time to go and find our friends as I had been in the habit of doing, to get them to subscribe for the organization of the party. I then asked my friends to meet me at Mr. Mercier's, the two Messrs. Langelier and Senator Pelletier, and I told them that I counted on obtaining all the means I wanted to complete my organization by means of subscriptions from political friends who had been in the habit of giving me such subscriptions, but that I could not lose my time running after friends to get their subscriptions. In the meantime I suggested the making of notes, which would give me afterwards some time after the contest to find the money necessary to meet the notes. These friends accepted my word and agreed to endorse the notes which will now be produced before the Commission in connection with this matter.

I may say that when the notes were paid, I never told the endorsers that I had paid them with what money I had paid them; I did not tell them where I had got the money to pay their notes, and I do not know if they supposed that it was in the usual way, as I had already endorsed for me before under similar circumstances and I had paid them my subscriptions from friends.

Exhibit 1a reads as follows:—May 15. As a memo. connected with account number 5. Statement number 5, which I produce as **Exhibit No. 87**, is my account with the late Honoré Mercier.

On leaving for Europe, Mr. Mercier had placed in my hands a certain amount in which he would want it during his trip to Europe; Mr. Mercier, amongst other sums, placed in my hands a cheque for (\$5,000) five thousand dollars, payable to my order on the Caisse d'Épargne, and another cheque for (\$3,500) three thousand five hundred dollars, forming a total of (\$8,500) eight thousand five hundred dollars. The sum of (\$5,000) five thousand dollars was first given me on the second of March, in case he wanted it on his trip to Europe; the sum of (\$3,500) three thousand five hundred dollars, they were to be applied to the payment of his private accounts, which would be sent him either for his house or otherwise, as I did, and that statement shows the amounts that were paid, and I also produce receipts for the sums which were paid.

Statement number 5 is the item which I have just read in the first statement for (\$5,000) five thousand dollars for a draft on Paris which I obtained from the Banque

these are the circumstances under which I obtained these (\$5,000) five thousand dollars from the Banque Nationale. Mr. Mercier had written to ask me to be good enough to send him a draft on Paris for the (\$5,000) five thousand dollars which he had left with me before

I went to the Banque Nationale to negotiate my note for (\$20,000) twenty thousand dollars. Mr. Lafrance told me that the paper which I showed him was excellent, he was very much pleased, but that the bank was not in a position to advance at once such a large sum. I said to Mr. Lafrance: "I will meet you on that point. I have (\$5,000) five thousand

dollars to send to Mr. Mercier, M. Mercier; left me (\$5,000) five thousand dollars before leaving, and he now asks me to send him these (\$5,000) five thousand dollars by a draft on the Credit Lyonnais at Paris; you will then give me a draft for (\$5,000) five thousand dollars; your draft will not come back from Paris before a month, so that you will in fact have given me (\$5,000) five thousand; I will keep Mr. Mercier's (\$5,000) five thousand dollars; your draft not coming back before the first of next month, you will be able to make me this advance of (\$5,000) five thousand dollars. Now I owe you a note on the eighteenth of this month; you will return that note to me. So that you will have advanced (\$10,000) ten thousand to me without disbursing anything.

This conversation took place in presence of Mr. Vallière and of Mr. Lafrance. On these representations Mr. Lafrance gave me a bill of exchange for twenty-five thousand francs, I think, for (\$5,000) five thousand dollars, in any case, and I sent it to Mr. Mercier in Paris.

These five thousand dollars (\$5,000) which Mr. Mercier had given me were by a cheque payable to my order on the Caisse d'Economie Notre-Dame; I endorsed it and received the money on that date.

Should I now produce that cheque which I gave for the (\$5,000) five thousand dollars or await the explanations of the statement number 5?

Hon. Mr. Justice Jetté :—

It would be better to do so now.

The Witness :—

The entry 1a at item 86 is the entry item 9 in statement 87.

In connection with that item, I should state that I had always kept at Mr. Mercier's disposal the (\$5,000) five thousand dollars which he had entrusted to me. I had thought of producing the statement from the bank to support that declaration, but as I would be rendering an account of transactions entirely foreign to this matter, I brought my books to submit them to the Commission, to show by my books that from the day when Mr. Mercier gave me the money, I kept it at his disposal. I must also say that it was only on my return from Europe recently that I told Mr. Mercier how I had disposed of the money he had entrusted to me. When I arrived, Mr. Mercier was naturally somewhat put out about what had been said about me respecting that draft of (\$5,000) five thousand dollars which I had taken out of that money; that I had gone to Europe, and that he did not know if I had disposed of the three notes which he had left in blank with Senator Pelletier, and what I had done with the (\$8,500) eight thousand five hundred dollars which he had left with me before leaving; that he did not know at all what I had done with this money. I then told him, that I had kept his money; I explained to him under what circumstances that the Banque Nationale admitted and were ready to admit that they did not want to disburse the whole amount, and it was for that that I had told the bank: "Give me a draft for (\$5,000) five thousand dollars which I have belonging to Mr. Mercier and I will keep Mr. Mercier's money as if it had been given me by the Banque Nationale out of the proceeds of my note."

Item 86-1b reads as follows:—do-do (that is to say, memorandum in connection with account number 5), (\$250) two hundred and fifty dollars, as being item 87-7. That item consists in a draft for (\$250) two hundred and fifty dollars drawn on me by Mr. C. Bea-

draft, dated the twenty-eighth April, (1891) eighteen hundred and ninety-one, payable at ten days from date, and also in a cheque which I gave to retire that draft of (\$250) two hundred and fifty dollars.

Item 86-2 reads as follows: May 16, 16 (that is 16 date of issue, and 16 date of acceptance.) Cheque which was used to purchase my property; L. P. Sirois, \$1000. I produce that cheque which is dated the sixteenth May and appears to have been paid by the Banque Nationale the eighteenth May to the order of L. P. Sirois. The proceeds of that cheque paid the property which I bought at that time. Mr. Sirois was my notary, it was to him that I gave the two cheques which will be spoken of: that of (\$1000) one thousand dollars and that of (\$7000) seven thousand dollars, making (\$8,000) eight thousand dollars.

Item 86-3 reads as follows: 18, 18. Cheque produced. Deposit made at the Banque du Peuple. I produce this cheque drawn on the Banque Nationale the eighteenth May 1891, for fifteen hundred dollars. The proceeds of that cheque were deposited in the Banque du Peuple on the same day.

Item 86-4. Cheque produced. Expenses of Mr. Barthe, at Ottawa, \$20. I produce this cheque dated the 16th May, eighteen hundred and ninety-one (1891), to the order of Ulric Barthe, for twenty dollars (\$20) endorsed by Mr. Barthe.

Item 86-5. Cheque produced. Personal use, \$50. I produce this cheque dated the 20th May.

Item 86-6. Cheque produced. Paid to Frank Pennée for an insurance policy, \$315. Mr. Pennée is an insurance agent.

Item 86-7. Cheque produced. Loan to Charleson at Ottawa. I produce this cheque; it is a cheque which I lent Mr. J. P. Charleson at the Russell Hotel for \$75.

Item 86-8. Cheque produced. U. Barthe, correspondent at Ottawa, \$50. The cheque is to Mr. Barthe's order and is endorsed by Mr. Barthe.

Item 86-9. Cheque produced. Deposit in the Banque du Peuple, \$1,000. I produce this cheque.

Item 86-10. Cheque produced. Deposit against the Caron petition, Chicoutimi, \$1,000. This was for the deposit on the cross petition served on Sir Adolphe Caron in connection with the Chicoutimi election.

Item 86-11. Cheque produced. To Mr. Geoffrion, advocate, services *re* McGreevy inquiry, \$500. I paid these five hundred dollars (\$500) on account of other expenses, because I had undertaken to pay all the expenses incurred in the House of Commons inquiry respecting the Quebec Harbour Works against Sir Hector Langevin and the Honourable Thomas McGreevy.

Item 86-12. Cheque produced. Personal use, \$25.

Item 86-13. Cheque produced. Payment of two notes of A. F. Carrier, endorsed by me, \$400. I produce the two notes and I produce the cheque. I must say that I have often endorsed notes for Mr. Carrier during the past three or four years, and that Mr. Carrier has always faithfully paid me; if he did not always pay them direct to the Banque du Peuple, he paid them to me when he was able to do so; in this case I did not ask him for the money, I paid the notes, without speaking to him about them and even before they became due, because I must say that I intended at that time to leave for Europe, and I paid a lot of notes before maturity, so as not to have my signature in any bank.

Item 86-14. 1st June. Cheque produced. Deposited in the Banque du Peuple, \$500. I produce the cheque.

Item 86-15. Cheque produced. Charles Langelier, \$555.40.

I have an explanation to give concerning this amount deposited to the credit of the

Hon. Charles Langelier, and as there are several sums, it is just as well to give the explanation now, if Your Honours wish it. Last summer or last autumn, I cannot say which, I had a private conversation with the Hon. Mr. Langelier, in which I induced him to build a house. Mr. Langelier told me that he made from his practice as an advocate about \$3,000 a year as his share; that he received as minister and as member \$4,500, which made \$7,500 a year. Knowing Mr. Langelier's manner of living, being very simple in his tastes, I said to Mr. Langelier that he spent little over \$2,000 a year, and that he should take advantage of the surplus of \$5,500 a year to buy a property or build a house for himself. Mr. Langelier then told me that he was afraid to risk an enterprize that might bring him into serious embarrassment, that he did not think he had sufficient means to build a house, especially such one as I had spoken of, which would be rather costly. I then told him not to be afraid of the enterprize, that I would take upon myself to advance him all necessary funds; that this amount was not large I would never ask him to pay me back, and if it was too much then he could pay me back by the sale of his property on Breboeuf street. In order to explain these transactions to the Commission, I must say that I had been in partnership with Mr. Charles Langelier as proprietors of the *Electeur* for three or four years, and that we had made considerable sacrifices at that time as proprietors to keep it going.

When the paper had become prosperous, Mr. Langelier gave up his share to me, and retired from the paper, saying that now that I could carry it on alone, he could willingly give up his share for nothing without asking anything from me. When we had a small gathering at Mr. Langelier's house last year, on his birthday, I recalled this act in an address that I presented him on behalf of several of his friends, and in which I mentioned his unselfishness, and that after four years of considerable sacrifices in order to keep up the *Electeur*, not only in editing it, but in putting his own money into it, that he had been sued for the *Electeur's* debts, that he had been served with seizures, and all for the *Electeur's* debt he gave it up to me without any compensation, and that I considered myself in his debt. It was at this time that I told Mr. Chas. Langelier that as long as I had money, he might consider it his, to think nothing of asking me for money when he needed it, even to build a house, to send me his workmen and I would pay them, which I did.

I am anxious to give these explanations, which might seem strange to the public, who do not know the close relations existing between Mr. Langelier and myself for the past twenty years, and for all that period I have been accustomed to lend all the money to him that he asked without taking any note; and in the same way he gave me money when I needed it. I must also state that I did not begin paying money to Mr. Langelier in connection with the Baie des Chaleurs affair, but last autumn, I deposited different sums, which I can show Your Honour, in my bank book, deposits for small amounts, made at different times for Mr. Chs. Langelier.

Item 86-16. Cheque of 9th June to the order of P. B. Dumoulin, \$260.00. I produced the cheque. Mr. Dumoulin is the cashier of the Banque du Peuple.

Item 86-17. Cheque of 10th June ; cheque produced. Deposit at the Banque du Peuple, \$500.

Item 86-18. Cheque of June 16th, Armstrong draft ; \$1,000.00 (one thousand dollars).

Mr. Armstrong had drawn upon me May 12th for \$2,000, at 2 months. Sometime afterwards Mr. Armstrong wrote to me that he could not get the \$2,000 draft, which I had accepted, discounted, and asked me at the same time to accept two other drafts, one at a month from June 15th, the other for June 15th on demand, telling me that if I could accept these two drafts, the bank had instructions to return to me the draft for \$2,000, which I agreed to. I went to the bank, accepted the draft at one month, and paid at once the draft on demand. I produce these three drafts as well as the cheque which paid C. N. Armstrong's draft of 15th June at sight.

Item 86-19. Cheque of June 25th ; cheque produced. Deposit at the Banque du Peuple, \$500.

Item 86-20. Cheque of June 25th ; cheque produced. Eloi Picard, \$100. Mr. Eloi Picard is one of the men employed in repairing my house, is one of my contractors.

Item 86-21. Cheque of July 2nd ; cheque produced. J. A. Tessier, advocate, Three Rivers. \$30. I sent these \$30 to Mr. Tessier for revision of the electoral lists.

Item 86-22. July 6th. To close my account ; for personal use, \$102.20.

BANQUE DU PEUPLE.

I now produce as **Exhibit No. 88**, the explanatory statement of my account with the Banque du Peuple, and I also produce as **Exhibit No. 88a**, attached to this first statement, a confirmatory statement of my account, furnished by the cashier.

1891, 6th May. Net proceeds of a bill discounted this day, \$19.720.

Item 88-1. 6th May ; cheque produced. To pay a note signed by me on the 25th February, endorsed by Messrs Mercier, Langelier, Pelletier and others, \$5,000.

The same explanation that I gave just now about the other note for \$5,000 applies to this. I produce the note dated Feb. 28th, payable at two months, signed by me and endorsed by the Hon. Honoré Mercier, Hon. François Langelier and Hon. Chs. Langelier, Hon. C. A. P. Pelletier. I also produce the cheque drawn by me on the Banque du Peuple to pay the note.

88-2. 6th May ; cheque produced ; \$1,000.

To Mr. Vallière for endorsing a note of \$20,000, \$500. Balance \$500, personal use. I paid Mr. Vallière \$500 for endorsing each of the two notes.

88-3. 6th May, cheque produced. To pay C. Langelier's note endorsed by Mr. Tarte, \$2,000; the balance paid the Carrel note, \$150; \$2,150. I produce the cheque for \$2,150, signed by Mr. Chs. Langelier, dated the 2nd March, 1891, payable two months from date for \$2,000, to the order of J. Israel Tarte, endorsed by J. Israel Tarte and myself. I also produce a note of Feb. 5th (1891), signed by Jas. Carrel at three months, to my order and endorsed by me. This note for \$2,000, was brought to me by Mr. Langelier and Mr. Tarte in connection with the Montmorency election. As I was not in a position to help them at the time in the election, I asked for this note : I took this note and discounted it ; I put the amount to my credit at the Banque du Peuple and advanced them what they wanted for the Montmorency Federal election.

88-4. 8th May ; cheque produced. To pay A. Carrier's note, \$400. I produce the

note and the cheque which paid it. The explanation I gave concerning the other note applies to this.

88-5. 9th May, cheque mislaid. Paid to François Parent for Ch. Langelier, \$918.32. Mr. F. Parent is the contractor who built Mr. Ch. Langelier's house. The explanation I gave above about Mr. Langelier applies to this item.

88-6. 9th May ; cheque produced. Deposit at C. Langelier credit at the Savings' Department of the Union Bank, Upper Town, \$200.

88-6a. By memorandum in connection with account No. 5 produced as **Exhibit No. 87**. This will be explained when I am explaining statement No. 5 produced as **Exhibit No. 87**.

88-7. 9th May ; receipt produced. Paid to Demers & Frère for printing, \$1,000. I produce the receipt and also the account.

88-8. 8th May ; cheque produced. Paid to Jos Martin, election services, \$25.

88-9. 9th May ; cheque produced. Personal use, \$40.

88-10. 11th May ; cheque produced. To pay Mr. Tarte's note, endorsed by Hon. J. Langelier and by myself. I produce the note and the cheque which paid it. In connection with this note, as I mentioned just now, I told Mr. Tarte from the beginning that I would undertake to pay all the expenses of his inquiry before the committee of the House of Commons, the Committee of Privilege and Elections ; hence I paid \$500 to Mr. Geoffrion also, the \$1,000 and other sums named in connection with this.

88-11. 9th May, cheque produced ; expenses owed to the Hon. George Irvine ; \$150.

88-12. 8th May, cheque produced ; to Wm. Learmonth ; purchase of a type-writer \$115.

88-12a. Memorandum in connection with account No. 5 ; \$250.

88-13. 5th May, cheque produced ; sum for Mr. Patenaude ; personal matter ; \$20.

88-14. 11th May, cheque produced ; personal use ; \$50.

88-15. 8th May, cheque produced ; personal account ; Col. Rhodes ; \$10.

88-16. 11th May, cheque produced ; to pay Mr. Tarte's note in the McGreevy inquiry \$400. I produce the note for \$400, as well as the cheque attached.

88-16a. 11th May, paid for Mr. Chs. Langelier ; subscription to the Fortress Hotel ; \$500. Memorandum in connection with account No. 5 ; \$500.

88-17. 11th May, cheque produced ; paid G. M. Deschene's note ; \$150. I produce the note as well as the cheque whose proceeds paid the note. What I said about Mr. Achille Carrier applies equally to Mr. Deschene. Mr. Deschene is my personal friend, he is member for l'Islet ; for 3 or 4 years I have frequently endorsed his notes and he has always paid them regularly ; this induced me to go on. This was a renewal ; Mr. Deschene gave me the note last autumn. I mention this to show that this was previous to the Baie des Chaleurs affair.

88-18. 9th May, cheque produced ; paid Pierre Richard, grocer, \$45.54 ; personal matter.

88-18a. Memorandum in connection with account No. 25, \$19.

88-19. 14th May, cheque produced ; subscription to Mr. Desaulniers of the *National*, \$100.

88-20. 11th May, cheque produced; Napoléon Legendre, for literary articles in the *Éclaireur*, \$25.

88-21. 14th May, cheque produced; to notary Gosselin, professional services, \$12.50.

88-21a. I produce nothing, it is a deposit of \$1,000.

88-22. 14th May, cheque produced; debt due to W. S. Desbarats; \$150; personal matter.

88-23. 11th May, cheque produced; paid Morgan & Co., \$22.50; personal matter.

88-24. 14th May, cheque produced; paid O. Montreuil, \$14.25; personal affair.

88-24a. I produce nothing as it is a deposit made with the proceeds of a discount; \$1,419.80.

88-25. 15th May; \$600; cheque produced; to pay Vallière's endorsement of a note for \$20,000; discounted at the Banque Nationale, \$500. Balance for my personal use, \$100, which makes the \$600.

88-26a. Memorandum concerning the account No. 5, \$39.

88-26. 16th May, cheque produced; part of the price of my property, \$7,000; cheque produced to the order of L. P. Sirois.

88-27. 14th May; cheque produced; Damase Daigle, \$15.40; personal matter.

88-28. 9th May; cheque produced; Mr. Barthe's expenses at Ottawa, \$30.

88-29. 14th May; cheque produced; Gas Company, \$51.12.

88-30. 14th May; cheque produced; personal use, \$100.

88-30a. 16th May; cheque produced; paid note of J. B. Parkin to Mr. Hearn's order endorsed by me.

I ought to tell the Commission that I had, on this statement, marked in red figures the discounts at the bank, as I am not obliged to give explanations on this subject, which has on its very face nothing to do with the Baie des Chaleurs matter. I mention it in this connection, because I have named Mr. Parkin, but I do not wish to mention those for whom I have discounted notes, the amounts are the proceeds of discounts.

By Hon. Mr. Justice Jetté :

Q. That is not money disbursed by you?

A. No, it appears in the column \$195.85; that is, the proceeds of a note for \$200; the cheque for \$200 was given for this discount and appears opposite the item.

88-30a. a discount.

88-30b. is a discount.

88-31. Cheque produced; A. Livernois, personal account, \$25.35.

88-32. 16th May; cheque produced; C. A. P. Pelletier, election expenses, \$1,000. I gave that to the Honourable Senator Pelletier for different election accounts.

88-33. 16th May; \$130; cheque and telegram produced; deposit made at Mr. Auguste Choquette's request. The telegram reads as follows :

“ OTTAWA, March 15th

“ Montambault requires deposit of \$130 *re* Belleau. Can you do it for me? Will reimburse in 2 weeks. Answer.

AUGUSTE CHOQUETTE.

I produce this telegram as well as Messrs. Montambault, Langelier, Langelier & Taschereau's receipt for this amount of \$130 and I also produce the cheque by which deposit was made.

88-34. 19th May, cheque produced ; personal use \$50.

88-35. 19th May ; cheque produced ; to my secretary Auguste Edge \$10, endorsed by him.

88-36. 19th May ; cheque produced ; Beautey merchant, \$425 ; personal affair.

88-37. 8th May ; cheque produced ; to Raoul Rinfret, \$50. The cheque is drawn to the order of Dr. Trudel jr. \$50 but the receipt was sent me by Mr. R. Rinfret who used the sum for his expenses in looking after the revision of the electoral lists in the county of Charlevoix. I produce the cheque.

88-38. 19th May ; cheque produced ; Refund to my office \$15.35. This is a cheque on Belleau and Company's order, and endorsed ; it is for different expenses. I must proceed to explain this sum because there will be several other cheques of the same description. I often sent my coachman to be paid at the office. This cannot be entered in the office books of my partnership with Mr. Belleau ; a separate account is made which I pay from time to time.

88-38 a. Amount withdrawn from the bank and placed in another bank ; transfer from the Banque Nationale ; this appears in the other accounts.

88-38 b. Deposit ; transfer from the Banque Nationale, \$1000.

88-39. 28th May ; cheque produced ; personal use, \$5.50.

88-40. 26th May ; cheque produced ; to Notary Sirois for my house, \$43.92. I produce the cheque to Mr. Sirois' order, endorsed by Mr. Sirois.

88-41. 29th May ; cheque produced ; J. B. Poulin, Mr. Ch. Langelier ; \$17, 60.

88-41 a. 1st June ; deposit ; transfer from the Banque Nationale ; \$500.

88-42. 1st June : cheque produced ; personal use ; \$300.

88-43. 1st June ; cheque produced ; lent to Mr. Lemieux, \$100. This is a cheque for \$100 to the order of Mr. Ed. Garneau who is treasurer of the Union Club. I did my best to induce Mr. Lemieux to become a member of the Union Club ; he consented, provided that I would pay his subscription to be deducted from what I owed him for legal expenses. Mr. Lemieux is my lawyer in two important cases which he pleaded himself at the last sitting of the Court of Appeals. Lafrance against Mr. Langelier and myself for libel in the *Electeur* had given him nothing for it. I told him I would pay his subscription, as so much towards his account for legal expenses. This is how I came to pay his subscription to the Club.

By Hon. Mr. Justice Jetté :—

A. Is this Mr. Lemieux, the member ?

A. Yes, Your Honour.

88-44. 4th June ; cheque produced ; personal use, \$100.

88-45. 4th June ; cheque produced ; J. M. Deschenes ; \$30. I gave this \$30 to Mr. Deschenes for going to Chicoutimi to produce the deposit for the counter-petition against S. Adolphe Caron.

88-46. 4th June ; cheque produced, Great North Western Telegraph Co., \$58.63 ; personal account.

88-46a. Memorandum in connection with account No. 5 ; \$119.31.

88-57. 4th June ; cheque produced, personal use ; \$30.

88-47a. Memorandum in connection with account No. 5 ; \$28.35.

88-48. 6th May ; cheque produced ; personal use ; \$30.

88-49. 6th May ; cheque produced ; Pierre Richard, grocer ; \$35.45 ; personal account.

88-50. 8th June ; cheque produced : personal account, \$30.

88-51. 11th June; cheque produced; A. Marcotte, \$30. Mr. Marcotte is the book-keeper in my office. It is one of those accounts to Belleau & Company of which I spoke just now.

88-52. 9th June. cheque produced; L. P. Sirois, \$133. For professional services as notary.

88-52a. A deposit of \$204.25.

88-53. 5th June; cheque produced; Colonial House; \$43.22.

88-54. 5th June; cheque produced; Thos. Hethrington, baker; personal account; \$39.50.

88-55. 12th June; cheque produced; Ulric Barthe; \$200.. Mr. Barthe is my editor. Perhaps I had better explain now what I have to say about Mr. Barthe. Mr. Barthe is employed by Belleau & Co., at a fixed salary; but besides the salary he gets from Belleau & Co. I pay him £100 a year. My partner would not agree to increasing his salary; I told Mr. Barthe that I would myself pay him the difference.

88-55 a. 10th June, deposit; transfer to the Banque Nationale, \$500.

88-55 b. 15th June; deposit, \$500.

88-56. 15th June, cheque produced; Major Wilson, \$50. This is for a bet I made with Mr. Major Wilson. I made a bet that the Federal Government would be beaten. I lost and paid.

88-57. 3rd June; cheque produced; Abbé Laflamme, \$15.00 for scientific articles in the *Electeur*.

88-58. 3rd June, cheque produced; J. C. More, \$25. This is a subscription Mr. Rae gave me, which I sent to the treasurer of the Citizen's Committee for erecting a monument to Major Short and Sergeant Wallick. I received this subscription and sent it to the treasurer, Mr. More.

88-59. 6th June, cheque produced; Dr. A. Vallée, \$15; for articles in the *Electeur*. not political but medical articles.

88-60. 17th June, cheque produced, Belleau and Co., \$28.78. The same explanation suffices.

88-61. 17th June, cheque produced; O. Montreuil, \$9.45. Mr. Montreuil is a carter of this city; it is for personal use.

88-61 a. 18th June, cheque produced; Paul de Cazes, \$50. This is \$50 that Mr. de Cazes paid for me to Mr. A. Lavigne, music agent in this city.

88-62. 18th June; Miss Mary Byrne, \$25.50. She is my children's governess.

88-63. 22nd June, cheque produced; Auguste Edge, \$10; my secretary; personal matter.

88-64. 22nd June, cheque produced; F. X. Perrault, \$10. Subscription for the demonstration in memory of the patriots of 1837.

88-65. 22nd June; cheque produced. Adelard Turgeon, \$152.54. I produce the note, protest and the cheque which was used to retire the note. This is Mr. Turgeon the member. I owed his father a sum of \$200, and I gave the son a note for \$200. When the note fell due I gave him \$50 on account and made another note for \$150, and this is the \$150 note which I paid. I owed this sum to his father, a farmer of Beaumont, for money furnished me in an election contestation, and I ought to have repaid him on the deposit.

88-66. 22nd June; cheque produced. Wyse & Co. \$3.50, personal account.

- 88-67. 25th June ; cheque produced. Personal use, \$50.
- 88-68. 23rd June ; cheque produced. C. Labrecque, \$22.50, personal account. This Mr. Labrecque is the notary for the Fabrique, and I paid him this sum for my pew in church.
- 88-69. 24th June ; cheque produced. W. Jacques, \$29.15, personal account. Mr. Jacques is a shop-keeper here.
- 88-70. 26th June ; note Elias Mailloux, \$50. This is a note of Mr. Mailloux which I have endorsed, paid, and retired.
- 88-71. 25th June ; cheque produced. H. Beutey, \$40 ; private account.
- 88-72. 22nd June ; cheque produced. Antoine Turgeon, \$6.90 ; personal account.
- 88-72a. Deposit ; transfer from the Banque Nationale, \$500.
- 88-73. 22nd June ; cheque produced. Personal use, \$50.
- 88-74. 24th June ; cheque produced. Pruneau and Kirouac. Personal account, \$18.48.
- 88-75. 23rd June ; cheque produced. Ulric Barthe, \$25.
- 88-76. 30th June ; cheque produced: Personal use, \$50.
- 88-77. 30th June ; cheque produced. J. D. Chartrand, \$50. Mr. Chartrand is Lieutenant in the 161st Reg. of the French Line at Nice ; he is a correspondent of the *Electeur*, I sent him a draft for 250 francs.
- 88-78. 27th June ; cheque produced. A. Lavigne, \$37.95.
- 88-79. 2nd July ; cheque produced. Apolinaire Corriveau, \$20 ; in connection with the revision of the electoral lists.
- 88-80. Mr. Frank Carrell, 30th June, \$10 ; personal account.
- 88-81. 30th June ; cheque produced. A. J. Maxham & Co., \$27.50 ; personal account.
- 88-82. 25th June ; cheque produced. Thomas Donohue, \$37.99 ; personal affair.
- 88-83. 2nd July ; cheque produced. Joseph Roy, \$25 ; in connection with the revision of the electoral lists in Quebec County.
- 88-83a. Memorandum in connection with account No. 5, \$11.84.
- 88-84. 2nd July ; cheque produced. Hon. G. Irvine, \$500, professional services.
- 88-85. Cheque produced. Draft C. A. Geoffrion, 3rd July ; \$500. I produce the draft and the cheque which paid it. This was to pay the expenses of arranging the contestation of the elections of Vaudreuil, I think, and of l'Assomption.
- 88-86. 2nd July ; cheque produced. Ovide Picard, \$150. Mr. Ovide Picard is one of the contractors of my house.
- 88-87. 2nd July ; cheque produced. Miss Charbonneau, \$37 ; a seamstress.
- 88-88. 30th June ; cheque produced. P. Poulin & Co., \$59 ; personal account.
- 88-89. 2nd July ; cheque produced. Eloi Picard, \$150. I have already stated that Mr. Eloi Picard, as well as Mr. Ovide Picard, were workmen employed at my house.
- 88-90. 6th July ; account produced. Pierre Richard, \$23.22 ; personal account.
- 88-91. 3rd July. Rodolphe Roy, \$25, in connection with the revision of the electoral lists in the County of Portneuf.
- 88-92. 3rd July ; cheque produced. Frank Carrell, \$10 ; personal account.
- 88-93. 30th June ; cheque produced. P. A. Pelletier, \$20. A sum lent to one of my employees.
- 88-94. 2nd July ; cheque produced. Louis J. Morin, \$20 ; in connection with the revision of electoral lists in Quebec Centre.
- 88-95. 25th June ; cheque produced. J. O. Rainville, \$75 ; personal matter.
- 88-95a. Memorandum, in connection with account No. 5, \$15.92.

88-96. 3rd July ; cheque produced. Edouard Dorion, \$25 ; in connection with the revision of electoral lists.

88-96a. Memorandum in connection with account No. 5, \$227.19.

88-96b. Deposit, \$2,500.

88-97. 2nd July ; cheque produced. Blaise Letellier, \$20 ; in connection with the revision of the electoral lists of Quebec West.

88-98. 6th July ; cheque produced. A. Lavigne, \$19.47.

88-99, 7th July ; cheque produced. Auguste Tessier, \$25 ; in connection with the revision of the electoral lists of the County of Rimouski.

88-100. 7th July ; cheque produced. Turcotte & Prévost, \$50.25 ; personal matter.

88-101. 8th July ; cheque produced, \$50 ; personal use.

88-102. 8th July ; cheque produced. Hon. G. Irvine, \$100 ; professional services.

88-103. 9th July ; cheque produced. Personal use, \$16.86.

88-104. 6th July ; cheque produced. Ulric Barthe, \$25.

88-105. 7th July ; cheque produced. Mrs. Lemieux, \$15 for flowers.

88-106. 10th July ; cheque produced. Messrs. Casgrain, Angers & Lavery, \$208.89. This is for legal expenses which Mr. Casgrain's firm had against me, in a case which I lost.

88-107. 8th July ; cheque produced. Dr A. Vallée, \$15, scientific articles in the *Electeur*.

88-108. 10th July ; cheque produced. Eloi Picard, \$200.

88-109. 10th July ; cheque produced. Personal use, \$18.

88-110. 7th July ; cheque produced. Col. Rhodes, \$1.80,

I must explain that the cheque is made out to Col. Rhodes, but is for flowers bought from Col. Rhodes' fruit farm.

88-111. 3rd July ; cheque produced. O. Desmarais, \$230.

I wish to give an explanation concerning this amount at once. At the date of the cheque, I met Mr. Desmarais in the St. Louis Hotel, who reminded me that during the general elections we met in Montreal and that I strongly urged him not to remain only in the county of St. Hyacinthe, but to go elsewhere, not to think of the expense, that I would give \$300 for the purpose. When he returned to Quebec he reminded me of this conversation. I said to him. " You asked me to have printed in pamphlet form your speech last session on the " Address and to have it taken down in shorthand. The cost of this is about \$70. I shall give " you \$230." He replied : " All right, go on, make out the cheque for \$230, and take it to " the St. Louis Hotel." Which I did.

88-112. 10th July ; cheque produced. Joseph Gauthier & Frère, \$100 ; private matter.

88-113. 10th July ; account produced. Frank Carrel, \$10 ; private account.

88-113a. 10th July ; deposit. Transfer from the Union Bank, \$500.

88-114. 9th July ; account produced. Alex Buchanan, \$75. Mr. Buchanan is one of my friends. This has no connection whatever with the Baie des Chaleurs matter.

88-115. 6th July ; cheque produced. Antoine Taschereau, \$25 ; in connection with the revision of the electoral lists in the county of Beauce.

88-116. 5th July ; cheque produced. Abbé Laflamme, \$15 : scientific article in the *Electeur*.

88-116a. Deposit, \$2072.73..

88-116b. Deposit, \$370 ; The same thing occurs for the next item.

I have asked that notes having nothing to do with this matter be not mentioned.

Hon Mr. Justice Jetté :—

Give the amount.

The Witness :—

88-116c. 21st July ; note, \$10,000 ; discount, \$9,692.60 ; interest on note, \$17.53.

88-117. 15th July ; cheque produced. Bibliothèque Française, \$11.25 ; private account.

88-117a. 9th July ; cheque produced. U. Plourde, \$25. I have not got the cheque. I could not get it back again, but I found out that it was to U. Plourde. I find from the stub in the cheque book that this cheque was made out to U. Plourde, but I do not produce it. I cannot find it. It is a private account.

88-117b. 6th July ; deposit, \$74.75.

88-117c. 22nd July ; deposit. Transfer from the Union Bank, \$1,000.

88-118. 2nd July ; cheque produced. L. Alain, \$25. This is in connection with the revision of the electoral lists in the county of Chicoutimi.

88-119. 11th July ; cheque produced. Xavier Warren, \$24.27 ; personal account. Mr. Warren is an hotel-keeper at Malbaie where my family stayed last summer.

88-120. 22nd July ; cheque produced. Note of Charles Langelier, \$1,000. I produce the note as well as the cheque which was used to pay the note. The explanation which I have previously given applies equally to this note.

88-121. 22nd July ; cheque produced. Personal use, \$100.

88-122. 22nd July ; cheque produced. Personal use, \$23.

88-123. 23rd July ; cheque produced. Auguste Edge, \$10.

88-124. 22nd July ; cheque produced. Frank Pennée, \$212.50. have already explained that Mr. Pennée is an insurance agent ; it was for my insurance premium.

88-125. 24th July ; cheque produced. Personal use, \$30.

88-126. 22nd July ; cheque produced. Ulric Barthe, \$50.

88-127. 23rd July ; cheque produced. Glove & Fry, \$285.36 ; personal matter.

88-128. 23rd July ; cheque produced. Fran Carrell, \$10 ; personal account.

88-128a. Deposit, \$3,000.

88-128b. Deposit, \$3,000.

88-128c. Discount, \$5,925.20. What I requested just now applies to this matter. I discounted a note of \$6,000, which realized \$5,920 20. I drew against this two cheques of \$3,000 each. This comes within the privilege I requested from the Commission of not entering into these transactions, which are absolutely foreign to the Baie des Chaleurs affair.

88-129. 30th July ; cheque produced. Benoni Samson, \$5 ; personal account.

88-130. 30th July ; cheque produced. Léon Ledieu, for literary articles in the *Electeur*, \$154.04. I had given him my note for \$150. It was protested during my absence. I paid it and expenses amounting to \$4.04 ; altogether \$154.04. This note paid Mr. Léon Ledieu for articles published by him in my paper under his signature ; articles of a non-political character.

88-131. 30th July ; cheque produced. Belleau & Co., \$21.71, personal.

88-132. 30th July ; cheque produced. Personal use, \$100.

88-133. 30th July ; cheque produced. Parmelee draft for \$500. I paid a draft for Mr.

Parnielee and sent it on to him. He sent me the amount by the following mail. Mr. Parnielee is the editor of the *Waterloo Advertiser*. This has no connection whatever with the Baie des Chaleurs affair. It is a transaction quite distinct from it.

88-134. 30th July ; cheque produced. Auguste Edge, \$15.

88-135. 31st July ; cheque produced. J. A. Bélanger, \$118.25. He is one of the workmen working at my house.

88-135a. Memorandum, in reference to account No. 5, \$75.

88-136. 30th July ; cheque produced. Ulric Barthe, \$100.

88-137. 31st July ; cheque produced. Eloi Picard, \$300.

88-138. 30th July ; cheque produced. Frank Carrell, \$10.

88-139. 30th July ; account produced. Dr. C. A. Verge, \$70 ; medical attendance upon my family.

88-140. 5th August ; cheque produced. F. Marier, \$26.66, personal.

88-141. 5th August ; cheque produced. Great North Western Telegraph Co., \$11.17 ; personal.

88-142. 6th August ; cheque produced. Personal use, \$100.

88-142a. This is again a discount which does not enter into my statement. There is here, \$2,500, and against it, \$2,441.95.

88-143. 6th August ; cheque produced. George Hough, \$20 ; personal account, livery tables.

88-143a. The cheque is not produced here because, as before, it is the proceeds of a discount. There was a deposit of \$534.95, and against this was drawn \$534.95, which is item 88-143b.)

88-143c. 6th August ; deposit, \$500.

88-144. 5th August ; cheque produced. J. D. Anderson, \$20 ; personal account.

At 1 p. m. the witness' examination was adjourned.

2 o'clock, p. m., the 23rd day of October, 1891.

ERNEST PACAUD, advocate and journalist, continued his deposition as follows : —

88-145. 30th July ; cheque produced. Edouard Garneau, \$12.50 ; personal account. My subscription to the Union Club.

88-146. 7th August ; cheque produced. Auguste Edge, \$5.

88-147. 5th August ; cheque produced. G. Seiffert, \$50 ; personal account.

88-148. 9th August ; cheque produced. personal use, \$45.

88-149. 9th August ; cheque produced. Auguste Edge, \$30 ; personal account.

88-150. 10th August ; cheque produced. L. J. Pinault, \$30. This amount was intended to be sent to Dr. Fiset, at Rimouski, for expenses in connection with the revision of the electoral lists in the county of Matane. On the 10th of August, the day of my departure, I left this cheque with Mr Pinault, requesting him to send the amount to Dr. Fiset.

88-151. 7th August ; cheque produced. F. Carrell \$10 ; personal.

88-152. 10th August ; cheque produced. J. Boiteau, \$40 ; personal account, cab hire.

88-152a. Protest, \$2.54.

88-152b. Deposit, \$100.

88-152c. Deposit, transfer from the Merchants' Bank, \$100.

88-152d. Discount, \$1,432.85.

88-152e. Cheque, \$1,452.02. I do not produce this cheque, because it is the proceeds of a note. It is the proceeds of a note which was negotiated and which has nothing to do with this matter.

88-152f. Deposit, transfer from the Union Bank, Upper Town, \$3,000.

88-153. 29th August ; cheque produced. Note, Mr. A. Hearn, \$202.54. I produce the note, the protest and the cheque, the proceeds of which were used to retire the note. To avoid mistake, I should mention that the note is signed by Mr. Parkin to the order of Mr. Hearn. I discounted this at Mr. Hearn's request. When the note came due it was protested, I re-endorsed it and I paid it.

88-154. Cost of a cable, \$5.75. I cabled to Mr. Charles Langelier to send me money while I was in London, and this \$5.75 is the cost of the cable from the Bank to send me the amount to the Alliance Bank in London.

88-155. 10th August. Bill of exchange to London, \$300 ; Louis Rainville, \$100. These are two sums which were sent to me in London. It is the statement from the Bank, \$300 and \$100.

88-156. 11th August. Cost of cable, \$5.50. I produce the Bank statement. The expense of cabling me this last sum was \$5.50.

88-157. 29th August ; cheque produced. Ovide Picard, \$1,000.00 ; is the contractor for my house, as I have already said.

88-158. 29th August ; cheque produced. Judge Dugas, \$1,136.55. This is for one of the mining shares which I bought from the Hon. Judge Dugas, of Montreal.

88-159. 29th August ; cheque produced. Eloi Picard, \$239.87. He is a contractor. It was for work done to my new house.

88-159a. Surplus interest, \$13.30. I have nothing to produce for this, it is surplus interest on a note that I paid a few days after it fell due. The interest was increased to \$13.30. This amount was charged in my book, but I gave no cheque for it.

88-160. 29th September ; cheque produced. P. Gingras & Co., \$65.46 ; personal account for purchase of coal.

88-161. 30th September ; cheque produced. Personal use, \$300.

88-162. 29th September ; cheque produced. Great North Western Telegraph Co., \$16.11 ; personal matter.

88-163. 1st October ; cheque produced. Belleau & Co., \$80.85. This is for different accounts that my partner paid for me during my absence in Europe.

88-164. 9th October ; cheque produced. F. Carrell, \$10 ; personal matter.

88-165. 9th October ; cheque produced. F. Carrell, \$10 ; personal matter.

88-166. 9th October ; cheque produced. F. Carrell, \$10 ; personal account.

88-167. 9th October ; cheque produced. F. Carrell, \$10 ; personal matters.

88-168. 1st October ; cheque produced. E. St. Jean, \$113.35. Mr. St. Jean is one of workmen working at my house.

88-169. 29th September ; cheque produced. J. H. Lizotte, \$16.10. Mr. Lizotte is a hotel proprietor at the end of the Island. Personal account.

88-170. 3rd October ; cheque produced. Great North Western Telegraph Co., \$675 ; personal account.

88-170a. Telegraph, 87cts. I have no cheque for this amount. It was charged to me by the bank without a cheque.

88-171. 30th September ; cheque produced. Errol Bouchette, \$50. Mr. Bouchette is one of my editors.

88-171a. 7th October ; deposit, \$55.03.

This is all concerning the Banque du Peuple. This balances their account. The total is 58,577.18.

THE UNION BANK.

I produce as **Exhibit No. 89**, an explanatory statement of my account with the Union Bank from the 10th July till now, and I also produce as **Exhibit 89a** a confirmatory statement of the bank, certified by the cashier of the bank.

10th July. Deposit made that day, \$60,000.

89-1. 10th July; cheque produced. Deposit at the Banque du Peuple, \$500.

89-2. 11th July; cheque produced. Deposit at the Union Bank, \$25,000.

89-3. 11th July; cheque produced. To pay a note signed by me, endorsed by the Hon. Mr. Mercier, J. I. Tarte, the Hon. C. A. P. Pelletier and the Hon. Chs. Langelier, \$3,000. I produce as exhibit 89-3 this note for \$3,000, dated 1st April, payable 4 months from date, endorsed by the Hon. Mr. Mercier, Joseph Israël Tarte, the Hon. C. A. P. Pelletier and the Hon. Chs. Langelier. The explanation that I have already given concerning these notes, applies to this one.

89-4. 11th July; cheque produced. \$8000, divided as follows: deposit at the Merchants' Bank, \$2,000; deposit at the Union Bank, Savings Department, Upper Town, \$2,000; deposited to the credit of the Hon. Chs. Langelier, at the Banque du Peuple, \$3,000. Balance employed in paying election accounts, among others Mr. Godreau, \$1,000, which makes the \$8,000. I produce this cheque for \$8,000 as **Exhibit 89-4**. What I have already said concerning the Hon. Chs. Langelier also applies to the deposit of \$3,000 mentioned in this item.

89-5. 11th July; note produced. Cheque lost (I have not been able to find this cheque, but I know that I gave it to pay a note signed by me, endorsed by the Hon. Mr. Mercier, J. I. Tarte, the Hon. C. A. P. Pelletier and the Hon. Chs. Langelier), \$5,000. I produce as **Exhibit 89-5**, this note signed by me, dated March 10th, 1891, at four months from date, endorsed by the Hon. Mr. Mercier, Mr. Joseph Israel Tarte, the Hon. C. A. Pelletier and the Hon. Chs. Langelier. What I have already said concerning these notes applies equally to this one.

89-6. 11th July; cheque produced. Expenses incurred in my office, \$29. I produce this cheque to the order of Belleau & Co., endorsed by Belleau & Co., as **Exhibit 89-6**.

89-7. 11th July; cheque produced. Mr. Barthe, Ottawa correspondent, \$25.

89-8. 21st July; cheque produced for \$7,000, divided as follows: deposit at the Merchants' Bank, \$2,000; deposit at the Union Bank, Savings Bank, Upper Town \$1,000; deposit at the Banque du Peuple, \$1,000; deposit for the Hon. Charles Langelier, Banque du Peuple, \$500; returned to the Hon. Chs. Langelier, \$1,500; paid draft Mr. Armstrong, \$1,000, which makes \$7,000. I produce as **Exhibit 89-8** this cheque for \$7,000. I produce also the cheque of C. N. Armstrong which I paid. Mr. Armstrong sent me a cheque to pay a draft for \$1,002.50 for him, dated 17th July. This cheque was protested on the 20th and was returned to me, and with the money that I had drawn, I went to the Union Bank and paid on that day Mr. Armstrong's cheque for the \$1,002.50. The explanation that I have given before concerning the Hon. Chs. Langelier applies equally to the item comprised in the cheque for \$7,000, as well as to all the other items.

89-9. 22nd July; cheque produced. To pay note of the 1st April, signed by myself and endorsed by Messrs. Mercier, Tarte, Senator Pelletier, C. and F. Langelier; note discounted by Mr. Demers, broker, \$5,000. I produce as **Exhibit 89-9** this note of April 1st, 1891, at 4

months, signed by me and endorsed by the Hon. Honoré Mercier, J. Israel Tarte, C. A. P. Pelletier, Charles Langelier, François Langelier, and George Demers. I also produce the cheque which was used to retire the note.

89-9a. 23rd July ; cheque produced. Money lent to L. J. Demers, \$3,000. I ought to state that Mr. Demers gave me an equivalent for this amount sufficient to pay me ; it was more a discount than anything else, and had nothing to do with the Baie des Chaleurs. I did not expect to enter into the details of this transaction ; it was a commercial arrangement made to guarantee the payment of the \$3,000 when due.

89-10. 9th August ; cheque produced. Bill of exchange on Paris ; personal affair, \$1,500. I produce this cheque to Mr. Dumoulin's order, as cashier of the bank, for \$1,500. In return for this cheque, Mr. Dumoulin gave me a Bill of exchange on the Crédit Lyonnais ; I do not know if it was a draft or what was the nature of the commercial paper he gave me, but any way, it was either a draft or a letter of credit on the Crédit Lyonnais at Paris, for fifteen hundred dollars (\$1,500). It was at the time of my leaving for Europe.

89-11. 9th August ; cheque produced. Edward Ficken, architect, \$1,000 ; personal matter. Mr. Ficken is an architect from New York, whom I employed concerning my house.

89-12. 9th August ; cheque produced. Money at Stockings, \$50. This is a cheque that I changed the 9th August at Mr. Stocking's, ticket agent here, for my personal use when I sailed on the 9th. I produce this cheque as **Exhibit 89-12**.

89-13. 10th August ; cheque produced. Money lent to Mr. Barthe, \$500. I must state that I had engaged Mr. Barthe, my principal editor, to publish, in book form, a collection of speeches, and that I told Mr. Barthe that I would assist him in paying his printers until his work was sold. Before I left he told me that he was pressed by his printers ; I lent him \$5,000 to pay them, until he could pay me back from the proceeds of his book.

89-14. 10th August ; cheque produced. Deposit left in the hands of Charles Langelier. \$500. I left this sum of \$500 in Mr. Charles Langelier's hands before leaving, so that he could hold it at my disposal in case I needed it. In point of fact, I cabled to him to send it to me, and he did so as appears in the accounts...that is to say, not the entire sum. I drew twice on the Banque du Peuple, twice for \$200 ; the Banque du Peuple paid \$300 and Mr. Chs. Langelier paid \$300 on the other deposit that I had left in his hands.

89-14a. 10th August ; no cheque. Personal. Money for my trip \$1,000. I haven't got this cheque for \$1,000. I took \$1,000 in money to the Banque du Peuple before leaving for Europe besides my draft. My cheque for this sum was not among those returned to me by the bank. This cheque, having been given to the bank after I had given a receipt stating that my cheques had been returned to me, it must have been produced before the Senate. At any rate, these thousand dollars were given me by the bank for my trip.

89-15. 9th August ; cheque produced. Ticket to return by the *Parisian*, \$210. On the eve of my leaving, I asked the Allan Company to cable to Liverpool to secure me a state-room on board the *Parisian* leaving Sept. 17th, because the *Parisian*, being much sought after in the autumn, I was afraid I should not get suitable accommodation, hence I asked Mr. Judge to

cable to the office at Liverpool to secure my passage, and the cheque for \$210 was to pay for this ; it was \$200, and I put \$210 on the cheque.

89-15a. 11th August ; cheque not forthcoming ; ticket passage on the steamer *Touraine* ; paid to Mr. Harris. I have not this cheque, Your Honours ; it is a cheque given by me to Mr. Harris for my ticket on board the *Touraine*. This cheque ought to have been produced before the Senate, because it was given to the Union Bank immediatly on my departure.

89-15b. 13th August ; deposit, \$500.

89-15c. 9th August ; cheque produced. Edouard Garneau \$100. The amount of this cheque was paid to Mr. Garneau as the Hon. Mr. Duhamel's subscription to the Union Club. I should state that, being one of the directors of the Union Club, I was interested in getting into it as many as possible of my personal friends, so that we could meet there. I often tried to induce Mr. Duhamel to become a member. Mr. Duhamel always made objections, saying that he rarely went to any club, and if he went he accompanied his brother-in-law. Mr. Léon Ledieu, on leaving his office, and that Mr. Ledieu, belonging to the Garrison Club, could not afford to become a member of the Union Club, and he saw no necessity for himself to do so. On the other side. I pressed him very hard. The Union Club was where I always went, and I wanted to meet all my friends there in spite of his refusal, I told him that I would have his name put up, accepted, and that I would pay his subscription. He always protested against this and never wished to accept. Before my departure, I gave \$100 to Mr. Garneau, I asked him to see Mr. Duhamel, and to do all in his power to induce him to accept membership of the Union Club.

89-16. 28th August ; cheque produced. Emile Tanguay, \$300. Mr. Emile Tanguay is an architect of this city, whom I employed concerning my house.

89-16a. 28th September ; deposit, \$200.

89-17. 1st October ; cheque produced. Xavier Warren, \$157.56. Mr. Warren is a hotel-keeper of Murray Bay ; it was for my family's board during my absence in Europe.

89-18. 18th October ; cheque produced. John Warren, \$17.08. This Mr. John Warren is a shop-keeper of Murray Bay ; it is a private account.

Brought forward on the 19th July, 1891. Balance, \$1,559.

I enter here the sum at my credit before I deposited the \$60,000, I had \$1,559. The sum at my credit was \$90.41, which makes a total of \$62,259.

By Hon. Mr. Justice Jetté :—

Q. Is that the sum total of the account ?

A. Yes, Your Honour ; the account balances. There is an amount for expenses corresponding to the \$60,000, and to the amount I had at my credit when I deposited the \$60,000.

THE MERCHANTS' BANK.

I produce as Exhibit No. 90, my account with the Merchants' Bank from the 11th July to date.

11th July ; deposit. Money withdrawn from the Union Bank, \$2,000.

22nd July ; deposit. Money withdrawn from the Union Bank, \$2,000.

10th August ; to Mr. Dumoulin, to guarantee discount at the Banque du Peuple, \$3,000.

I wish to explain that this is a cheque for \$3,000 accepted by the Merchants' Bank, which I gave Mr. Dumoulin as cashier of the Banque du Peuple, as security to obtain credit at the Banque du Peuple, so that he would have no hesitation in negotiating my notes ; I placed in his hands a cheque accepted by the Merchants' Bank for \$3,000.

28th September ; a cheque, the payment of which is divided as follows :.....
The cheque is for \$1,000. I drew a cheque for \$1,000 on the 28th September. I cannot produce it, as I have not asked the bank for it ; it is the only one I drew besides the \$3,000 for deposit. This is what I did with the \$1,000 :

28th September ; deposite at Banque du Peuple, \$100.

28th September ; deposit at Union Bank, \$200.

28th September ; paid to Hon. Geo. Irvine, \$500.

8th October ; paid to Chs de Guise, \$100.

10th October ; paid to Mr. Powell, \$100.

I paid these \$500 to Mr. Irvine for professional services ; I paid Mr. Chs. DeGuise, \$100 for services as stenographer ; I paid \$100 to Mr. Powell for the use of his steamer to bring my family from Murray Bay on my return from Europe.

ACCOUNT WITH HON. H. MERCIER.

ERNEST PACAUD, in account with Hon. H. MERCIER.

1891.	DR.	
March 2nd, Cheque		\$ 5,000
“ 4th “		3,500
		<u>\$ 8,500</u>

These are two cheques which Mr. Mercier left before his departure. The cheque for \$5,000 is payable to my order ; I endorsed it ; it was drawn on the Caisse d'Economie Notre-Dame. The other cheque for \$3,500, which Mr. Mercier gave me, as well as I can remember, is not to my order, but was endorsed by me when I cashed it ; it was payable to bearer. If I remember right, I cashed both these cheques at the Union Bank, close to my office.

I think that now is the time to explain under what circumstances Mr. Mercier gave me these two cheques. I think I said this morning, in my evidence, that Mr. Mercier, before leaving, told me that in case he wanted money on the other side, instead of being obliged to cable to the banks, which might cause some embarrassment and misunderstanding, he would leave a sum of \$5,000 at my disposal, to send him if needed. Subsequently he also sent me a sum of \$3,500 to pay all his current accounts : house rent, gas and electric light, all kinds of accounts that might become due in his absence. To the best of my recollection, I cashed this cheque the day he sent it me, 2nd March, I think, which is confirmed by my bank book. I deposited \$4,000 in the bank on the same day that I cashed the cheque, the next day

deposited \$5,000 in the Banque du Peuple. As for the cheque for \$3,500 I cannot say when I deposited it and in what manner. I see in my bank book that I made corresponding deposits..... no, not absolutely corresponding, not for \$3,500 at once, but I subsequently made deposits at the bank, and I think that they must have been the proceeds of the cheque for \$3,500, because I do not recollect having received any other money at that time. I received the proceeds of notes discounted by me afterward, and they are all entered in my bank book as being the proceeds of discounted notes ; in fact I declare that I do not remember to have received any other money at that time, and I have good reason to think, without being positive, that the deposit that I made at different times in the few days which followed must be the amount of \$5,500.

I do not remember whether I said in my evidence this morning that I had not accounted to Mr. Mercier for the money before my departure for Europe. Before my departure I had no opportunity to account to Mr. Mercier, it was only on my return that I accounted to him for the money that he had left in my hands. He reproached me for having used this money for an affair of the kind, when he had left the amount in my hands, meaning the two cheques. I told him he need not reproach me, that I had made no secret of the matter with the bank officials, for the good reason that it was quite an ordinary transaction. I said in presence of Mr. Vallière and Mr. Lafrance : " I have \$5,000 that Mr. Mercier left me before his departure ; he is now asking for it ; I must send him a draft for this amount. Well, as you are short of money, give me a draft which will only be presented to you in a month, that will suit the bank and myself and I will keep the money that Mr. Mercier left me."—And Your Honours can see from the bank statement and my bank books that I have reduced, that in point of fact, although it was during the elections, and that I was spending a considerable amount to complete my organization, that I always kept to my credit—although I opened no special or separate account—in the bank, a sufficient amount not to disappoint Mr. Mercier, should he telegraph to me for this money.

By Hon. Mr. Justice Davidson :—

Q. When was polling day ?

A. The 5th March.

This is how the money was paid :—

87-1. 11th March. Paid Campbell, \$19. I produce Mr. Campbell's receipt as well as the cheque that paid this account as **Exhibit 87-1**.

87-2. 15 March. Institut Canadien, \$4.00. I produce the receipt as **Exhibit 87-2**.

87-3. 20th April. Union Club, \$100. I produce as **Exhibit 87-3** the receipt of the Union Club.

87-4. 2nd April. Champlain Monument, \$34. I produce as **Exhibit 87-4**, the receipt the Chauveau gave me for this amount.

87-5. 30th April. Subscription for the Fortress Hotel, \$500. I produce as **Exhibit 87-5**, receipt of J. H. R. White, the secretary treasurer of this company, and the cheque that paid it.

87-6. 8th May. James C. Lloyd, \$75. I produce as **Exhibit 87-6**, Mr. Lloyd's receipt and cheque that paid it.

87-7. 11th May. Contestation in Maskinongé County election, \$250. I produce as **Exhibit 87-7**, Mr. Beausoleil's draft for \$250 for the expenses of contestation of Maskinongé election, and the cheque that paid it.

87-8. 14th May. Quebec and Levis Electric Light Company, \$39. I produce the company's receipt and the cheque that paid it as **Exhibit 87-8**.

87-9. 14th May. Draft, on Paris, \$5,000. I have already explained under what circumstances this cheque was drawn, and it has been produced as **Exhibit 86-1a**.

87-10. 15th May. Maskinongé election contestation, \$250. I produce as **Exhibit 87-10**, this draft of 8th April, drawn upon me at 30 days by Mr. Beausoleil for \$250, as well as the cheque used to pay this draft. I must state in explanation of this amount that the two drafts were drawn upon me the same day. The whole amount was \$500. Mr. Beausoleil wrote me that Mr. Mercier had personally agreed to pay the expenses of the Maskinongé contestation; that he knew from Mr. Mercier—I think he said it was through Mr. Mercier—that he had left money in my hands before his departure to pay all his accounts; consequently he wrote to me: "Acting upon information received that Mr. Mercier has left you money to pay his accounts, I have taken the liberty to draw upon you for \$500 in two drafts, one of \$250 at 15 days and one of \$250, at 30 days," which explains the two drafts that I have just produced. Personally I knew nothing of this matter; it was Mr. Mercier; who, according to Mr. Beausoleil, had undertaken the expenses of the Maskinongé contestation. Mr. Beausoleil wrote me that Mr. Mercier had undertaken to pay it, and that he understood that I had money to pay Mr. Mercier's debts and he thought I ought to pay this; hence drew upon me; but I do not know what contestation was in question, Local or Federal; perhaps it was mentioned in the letter, but I did not notice it; the principal thing for me was to carry out Mr. Mr Mercier's promise and Mr. Beausoleil's wish; that was not my affair, I accepted the drafts and paid them.

87-11. 1st. June. Allan line, \$23.35. I produce the company's receipt and the cheque which paid the amount.

87-12. 1st June. Customs duty, Colley, broker, \$119.31. I produce the receipt for this sum and the cheque for it; but as the account is only for \$117.06, and my cheque is for \$119.31, I produce a letter from Mr. Boivin, explaining the difference of the \$2; it was for cab hire, which I had to pay \$2.85 for cartage, etc. The letter I show explains this \$2.3 difference. Mr. Boivin wrote me as follows:

QUEBEC, June 13th, 1891.

ERNEST PACAUD,

Quebec

" My dear Pacaud,

" Enclosed is the Custom House receipt given to Lamb. Besides that, he paid \$2.3 for cartage from the Allan Co.'s wharf to the Custom House and thence to Mr. Mercier's house, including 65 cents paid to a cooper for repairs, making altogether \$119.31, which sum he tells me he has received from you.

" Yours truly,

" JOSEPH BOIVIN."

Mr. Jos. Boivin is assistant provincial-secretary, former private secretary, and relative of Mr. Mercier, who usually looks after his private accounts and pays them.

Knowing that Mr. Mercier had left money with me, he sent me all the accounts which came to Mr. Mercier's office. All personal accounts received at the office were given by the secretaries to Mr. Boivin, knowing that he attended to Mr. Mercier's private matters, and as Mr. Boivin knew Mr. Mercier had left money with me, he forwarded to me all the accounts. This explains the letter.

87-13. 29th June. Allan line, \$11.34. I produce the receipt for this sum and the cheque I gave Mr. Boivin to pay it.

87-14. 30th June. J. C. Lloyd, \$75. I produce a draft drawn upon me by Mr. Lloyd for the sum of \$75. I accepted the draft to enable him to obtain a quarter's rent in advance. The rent had been paid regularly to Mr. Lloyd, but he was anxious to obtain the rent in advance, hence he asked me if I would accept a draft payable when the rent was due; I said I had no objection to oblige him. I accepted the draft which I have produced. I also produce Mr. Lloyd's receipt and the cheque which paid the draft. It was for the rent of Mr. Mercier's house, in de Brebœuf street.

87-15. 6th July. Allan line, \$15.93. I produce the Allan Company's receipt for this amount and the cheque I gave to pay it.

87-16. 7th July. Custom duties, Colley, broker, \$227.19. I produce Mr. Colley's receipt for this sum and the cheque which paid it.

87-17. 9th July. Duty and charges, Colley, broker, \$16.96. I produce Mr. Colley's receipt for this amount.

87-18. 22nd July. Allan line, \$12.16. I produce the Allan Company's receipt for this sum.

87-19. 22nd July. Allan line, \$10.55. I produce the receipt for this sum. The amount placed in my hands by Mr. Mercier was \$8,500; the amount I paid out for him was \$6,788.29, leaving a balance in Mr. Mercier's favor of \$1,711.71 owing to him. I would have paid him this balance, I had the money, but I refused to make any business arrangements on my return, until I had given account of all my transactions to the Commission.

I now produce as **Exhibit No. 91**, the statement No. 6, showing the money remaining in my possession out of the \$100,000.

Cash in hand, Banque du Peuple Savings Department, \$447.85.

Banque du Peuple, \$3,000.

This is the Merchants' Bank cheque which I mentioned above.

Union Bank, \$90.41.

Union Bank, Upper Town, \$55.25.

Merchants' Bank, \$62.74.

National Park Bank, New York, \$20,000

I drew a cheque on the Union Bank which I sent to New York, where I have the amount placed to my credit. I have the National Park Bank's receipt, which I do not produce, but which reads as follows:

“ NATIONAL PARK BANK,

“ NEW YORK, Oct. 21st 1891.

“ ERNEST PACAUD, Esq.,

“ Dear Sir,

“ We have yours of 19th Oct., satisfying our inquiries of 14th inst. We beg to say your letter is satisfactory. We have forwarded you to-day a cheque book which please use in drawing on this bank against deposit; which deposit of \$20,000, we have already acknowledged to you. We should be pleased to have you call upon us when in New York.

“ We will send you a monthly account, upon receipt of which please advise if it is correct or not.

“ I remain,

“ Yours very truly,

“ GEORGE S. HICKSON,

“ *Cashier.*”

I must state in connection with this why I sent my money to New York. Because Mr. Armstrong told me that efforts were made to induce him to take proceedings to recover the sum he had given me. Mr. Armstrong told me he would never consent to such a thing; that he had willingly agreed to give me that sum, that he had offered it to me, and given it to me, that he would never be induced to commit so base an act. I knew it was the Hon. Mr. Abbott who had taken these steps with Mr. Armstrong. I thought that this influence might some day prevail, and considered it more prudent to avoid difficulties, annoyance and legal proceedings.

By Hon. Mr. Justice Jetté :

Q. What is the date of the deposit ?

A. It was made Saturday week, a fortnight to-morrow. I drew the \$20,000 from the Union Bank on the 12th October.

When I left for Europe I drew no money from any bank; I drew cheques for about the amount at my credit in the different banks and had them accepted; and I placed these in my safe with my insurance policies; I drew out no money whatever. This is what caused the bank officials to say that I had withdrawn these sums. As far as the banks were concerned they were drawn out, but I had placed my accepted cheques upon the banks with my insurance policies in my safe, so that in case of anything happening my children could find all my valuable papers.

I wish also to explain about my interviewing Mr. Webb, to ask him if he could discover to whom the cheques had been given..... This conversation was reported in all the newspapers as if I had gone to see whether in case I should not produce the cheques, it could be found out to whom they had been given. I solemnly declare that I went there to obtain information for the Commission. I went there not to make away with documents, but because I myself had difficulty in tracing all the cheques, there were some payable to bearer,

and I wanted to make sure whether they had been drawn for my personal use or whether I had given them to any one ; I wanted to get all possible information. I solemnly declare that it was for that purpose I went there. My conversation with Mr. Webb took place before Mr. Smith ; I made no secret of it ; I did not speak as a man who wanted to conceal a transaction, on the contrary I wished to obtain as much information as possible to lay before the Commission.

Now, when I drew my cheque for \$25,000, I kept the \$25,000 by me, and from that sum paid several accounts. As I say in this statement—in which I had reached the last item, the sum left in hand out of the \$25,000. I drew out \$25,000, I deposited \$20,000 in the bank, there remained \$5,000;—out of this \$5,000 I paid various accounts—for which I can produce all receipts and cheques—and there now remains over in my safe a sum of \$1,800 in bank bills. So that I have in bills and in different banks, \$25,450.25.

I have more to say concerning what other witnesses have said, but I wish to know if the Commission want to hear these explanations now.

By Hon. Mr. Justice Jetté :

Q. Before you proceed further, we would like to know if in your statement of account and the details you have just given us, you account for the whole sum of \$100,000?

A. I swear positively that, to the very utmost of my ability, I have laboured to render an exact account to the last cent of the \$100,000. I sincerely think that the statement I produce comprises all that was done with the money.

Q. So that in the bank accounts you have produced, we shall certainly find at least the expenditure of \$75,000, which, with the \$25,000 you have mentioned, makes the \$100,000?

A. I account for more than that, as there were other transactions, and I have laid all before the Commission.

Mr. Béique.

I understand that Mr. Pacaud accounts for all his transactions since the 6th of May.

Hon. Mr. Justice Jetté :—

If you wish to give any further explanations, you are at liberty to do so now.

The Witness :—

Concerning what Mr. Armstrong said that I had told him at the Windsor Hotel, Montreal—that I had to render account to the Hon. Mr. Mercier—I deny in the most positive manner ever having mentioned Mr. Mercier's name in this connection nor in any other, in the sense in which Mr. Armstrong spoke.

On the occasion mentioned by Mr. Armstrong, this is exactly which passed :

Mr. Armstrong had just induced me to accept a bill for \$2,000 ; I accepted it willingly ; he assured me that he would pay the draft, that it was only a matter of accommodation.

I told Mr. Armstrong that I looked upon a draft accepted by me, as a cheque signed me—that I would pay the drafts—in fact I did pay them ; but after having accepted draft for \$2,000, Mr. Armstrong asked me for \$14,700 ; he asked to be allowed to draw upon me for \$14,700, or to let him have that amount, offering to give me as collateral security the subsidy he was entitled to on the St. Andrew's and Lachute Railroad. I said to Mr. Armstrong : " You are not reasonable. How can I lend you \$14,700. I have accepted the draft for \$2,000 for you with pleasure, but you take advantage of that to ask me for \$14,700 more." Then he said : " With the considerable sum you have at your disposal....." I then told him : " Are you simple enough to think that I have this \$100,000 in my pocket, or that this sum still remains in the bank ?" I said also : " You know yourself that I have not negotiated all the cheques given me by you ; I have discounted two of them, all the money is gone ; as for the third, we have just come from the Banque du Peuple, where we have tried our best to negotiate it and have not succeeded. How then do you expect that I can advance you such a sum ? I cannot pay it and I cannot accept a draft for it either."

Mr. Armstrong was probably alluding to this conversation when I met him there because I think it was the sole occasion on which I have met him, since these negotiations at the Windsor Hotel. I had two interviews with him, and it was at one of these. But I never told Mr. Armstrong that I had to render account to Mr. Mercier ; I could not have said it, Mr. Mercier being in Europe. I spent the \$100,000, as the Commission is aware without saying a word to Mr. Mercier about it.

Mr. Webb has also repeated a remark I am supposed to have made to him that the sum that I was to receive from the Union Bank was to be used to pay, I don't remember exactly what sum, as I read it in the conservative papers, who doubled the amount, \$20,000 to \$50,000 ! I do not know which ; that is how I have got mixed up about these amounts.

Well—there is some truth in what Mr. Webb said. It is true that I told him..... when we were discussing how this money would be withdrawn. Mr. Webb always told me that the paper was of full value and that the bills I offered him were the same, but that it was a question of advancing the money. I had just told him what I intended to leave at my own credit ; then I added : " I want to advance considerable sums, perhaps \$9,000, \$10,000 to Mr. Charles Langelier, for building his house ; I have promised it to him ; I have already begun to advance different amounts, and now that I have more money, I am disposed to continue to help him with still larger amounts. Then, as Mr. Langelier only wants the money for his house, the sums will only have to be disbursed from time to time, that is monthly for a year or 15 months." At the same time I offered Mr. Webb a list of my notes saying " Take my list of notes and pay them yourself when they fall due, so that you will not need to disburse money. You will place to my personal account \$40,000 to \$50,000, which remain. Now I wish to make advances to Mr. Charles Langelier, for building his house ; as he does not want this at once—his contractors will draw it by degrees—you can add \$10,000 which you will not have to disburse."

As for Hon. Mr. Robidoux, his name was never mentioned, because I positively assert before the Commission that I have never given a cent to Mr. Robidoux directly or indirectly, neither in connection with the Baie des Chaleurs affair nor any other transaction whatever; since there was any talk about the Baie des Chaleurs matter, I have had no dealings whatever with Mr. Robidoux. One thing occurred—the Union Club affair. I paid \$100 for him, which he repaid me on returning from Montreal. He had been in Montreal and I paid his subscription to Mr. Garneau. I wished that Mr. Robidoux should become a member of the club, and I paid his subscription to the Union Club, \$100. Mr. Robidoux returned, I gave him his receipt, and he told me he would return me the money the first time he saw me again. The next time we met he brought me the \$100; it was at my house, St. Geneviève Street.

I relate this, although it was previous to the Baie des Chaleurs affair; I could dispense with mentioning this \$100 to the Union Club, because it was before the Baie des Chaleurs matter, at the beginning of April, I think, but it is to declare that, apart from this transaction, I have had nothing to do with Mr. Robidoux directly or indirectly. I have paid nothing for him, neither account nor anything else.

I ought to make the same statement with regard to the other ministers, again excepting the Union Club affair. I regret to have caused them so much annoyance by that. I regret having paid the \$100 for Mr. Duhamel against his will. I have never had any transactions with the Hon. Mr. Duhamel: I never gave him a cent, directly or indirectly, in reference to the Baie des Chaleurs. The same applies to all the other members of the Government: the Hon. Mr. Mercier, the Hon. Mr. Ross, the Hon. Mr. Garneau, the Hon. Mr. Sheyhn, the Hon. Mr. Boyer, I gave nothing to any of them. As to the Hon. Charles Langelier, I have mentioned all the sums I paid to him under the circumstances just related. I declare solemnly that I never told Mr. Chs. Langelier the sum I drew in the Baie des Chaleurs matter, I never told any of the ministers; on the contrary, I always concealed from them all my transactions with Mr. Armstrong, whenever I interviewed the ministers on this subject; I put forward only the first reason which influenced me. I had two reasons; the interest of the public and my personal interest. The public interest was concerned, as I considered it extremely important not to let this opportunity slip of completing the Baie des Chaleurs Railway, as important for the Province and also for the Government. There was also my own private interest, of which I never spoke to the ministers. I only mentioned the former reason; that of the public interest, which I brought before the ministers as of primary importance.

I mentioned in my evidence this morning a cheque for \$260 to Mr. P. B. Dumoulin. I wish it to be understood that it was not to Mr. Dumoulin personally I gave the \$260, it was in the ordinary way of business for bank transactions in his capacity as manager of the bank. Mr. Webb has also expressed doubts about the letter of credit; he thought that I had brought it to him or that if I had not brought it from the Parliament, at least he had lent it to me, that I had had it and that I had given a receipt to the Union Bank for it. I positively declare that I never saw the letter of credit; I do not even know on what paper it was written; it was never shown to me, I never had it in my hands, I never read it, nor was it ever read to me.

I also declare that I never acted as intermediary between Mr. Armstrong and the Cooper syndicate ; that I had nothing to do with it, that I assisted in no way whatever in deciding the amount which was to be paid by the syndicate to Mr. Armstrong. When Mr. Armstrong told me that he had made arrangements and a sort of promise of sale of his interests, open for forty-five days.—I am not positive as to the number, but I think that correct.—Mr. Armstrong declared to me that the Cooper syndicate would be obliged to pay him \$175,000 if he had the contract. At this time I did not know Mr. Thom, Mr. Cooper nor any of those gentlemen who are interested in the Cooper syndicate ; in fact I did not know Mr. Cooper till after everything had been signed and paid ; I had never seen him, did not even know him by sight. As for Mr. Thom, I saw him for the first time in New York ; I did not know him by sight, and, in fact I thought he was Mr. Cooper when he entered the Brunswick Hotel with Mr. Armstrong ; and at that time Mr. Armstrong had made all his arrangements with Mr. Cooper and his partners.

I must also mention another detail. During the summer, I received a telegram from Mr. John J. Macdonald, asking me to meet him at the St. Louis Hotel on important business, that he would arrive by such a train. I went to see Mr. John J. Macdonald, and he reproached me for the first time for having given the contract to Mr. Cooper.

I told Mr. Macdonald that I really could not understand his view of the subject. He thought that I had deceived him, that I had placed myself at the disposal of the Cooper syndicate, because I would receive greater advantages from them. I referred him to the Hon. Mr. Irvine, to decide between us, as to who was right on this point, and on parting from him I went to Mr. Irvine and told him as Mr. Macdonald's lawyer, what he had just said to me. Mr. Irvine said it could not be possible, that he must have been mis-informed, because he had the proof in his book that I had given every possible assistance to Mr. Macdonald and that I had done all that was, humanly speaking, possible to get the contract for him. In fact, Mr. Irvine told me that all the telegrams I had sent him on this subject had been repeated by him word by word by telegraph to Mr. Cameron and Mr. Macdonald, to keep them well informed, and that Mr. Macdonald could certainly not reproach me with having worked in the interests of the Cooper syndicate.

I must also state that I have never been summoned to appear before the Senate.

If the Commission will allow me to make these explanations, they will not be long. I have never received a summons to appear before the Senate. As this is not exactly an ordinary case but one of a public nature, there are public men interested in it, and it has been said that Mr. Mercier, Mr. Langelier and Mr. Laurier made me go away, I wish to produce telegrams to shew that these gentlemen wanted me to stay, and that I would do so.

I produce the following telegrams :

Ottawa, 14th August.

" E. Pacaud.

" Laurier and myself think you should come testify ; Dumoulin, Webb ; very long ; letter yesterday.

FRANÇOIS LANGELIER. "

On receiving this telegram from the Hon. F. Langelier, I telegraphed to the Hon. Mr. Mercier to ask him : " The Hon. F. Langelier telegraphs me to return ; what shall I do ? "

Mr. Mercier replied :

STE. ANNE DE LA PÉRADE, 14th August, 1891.

" Do what François says. "

MERCIER. "

It being four o'clock in the afternoon, the evidence of the witnesses was adjourned till the next day, the 20th October 1891.

J. BELANGER,
Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions, made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

11th SITTING.

On the twenty-fourth, day of October, in the year of Our Lord one thousand eight hundred and ninety one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President,
" " " " LOUIS FRANÇOIS GEORGES BABY,
" " " " CHARLES PEERS DAVIDSON,

Commissioners.

ERNEST PACAUD advocate and journalist continued his deposition, as follows :

Since the adjournment, Your Honours, I have prepared a summary of all the statements I produced yesterday before the Commission, that is I have deducted all the deposits, and discounts from the different statements produced leaving only the amount represented by the vouchers that I have produced; I should like to produce this summary, which will enable you to better understand all the statements that I produced yesterday. I produce this summary as **Exhibit No. 94.**

SUMMARY :

Banque Nationale (Mercier) \$5,250.

The amount of the vouchers is \$11,485.60.

Banque du Peuple : There is to the account of Mr. Mercier, \$1,360.61.

The amount of the vouchers produced by me is \$36,975.66.

Union Bank, the vouchers produced amount to \$28,759.

Merchants Bank, \$700.

Cash, New-York, National Bank ; \$20,000.

Total moneys, \$24,800 and \$565.34.

Which makes in all \$103,286.10.

The sum of \$103,286.10 is the sum total of the cheques which I produced yesterday, above the amount I have in bank.

Yesterday, Your Honours, in rendering account I asked to be exempted from entering

into details of the discounts and the cheques which were drawn against them. This is why I have not spoken of them. Since the adjournment, the Hon. Mr. Mercier told me that he insisted that I should report to the Commission a transaction with him, although it has nothing to do with the Baie des Chaleurs matter. I allude to item 88-128c, proceeds of the discount of a note for \$6,000, \$5,925.20.

This is the explanation I have to give on this subject : About the 30th June last I received a letter from Mr. Mercier asking me to send him the sum of \$5,000, and saying that for this he would authorize me to go to the Hon. Senator Pelletier and ask for one of the notes he had left before his departure, to fill it and discount it at the bank, and if I could not do it alone, to get the endorsement of another friend, and to cable him the amount, which I did. I communicated the letter to Mr. Chs. Langelier and asked him to come with me to the Hon. Senator Pelletier ; I told him that I wished also to show the letter to Senator Pelletier, seeing that I had no other excuse for asking him for notes, the time for the contestations of elections having expired ; not having any election contestation, I was not supposed to have any unusual expenses which could justify me in asking this last note from Senator Pelletier.

I then told Mr. Chs. Langelier that I proposed to make a note for \$6,000, as I wanted \$1,000 for other expenses which I had to meet at the time. I showed the letter to Mr. Chs. Langelier and we went together to Senator Pelletier. On seeing my authority, Mr. Pelletier gave me the note ; I filled it in for the sum of \$6,000 and had it endorsed by Mr. Chs. Langelier. This was, I think, the 30th June. As I had other money there at this time, I deposited the note for \$6,000 in the hands of the Union Bank, but without discounting it ; as I had other money, I sent this sum but I left the note in Mr. Webb's hands to pay when it fell due.

On the 30th July I wanted to negotiate it and did so at the Banque du Peuple. This is the explanation of that item which I mentioned. The note fell due the 6th of October.

The Hon. Mr. Mercier :

The 3rd of October.

The Witness :

I was under the impression that it was the 6th, the 3rd or the 6th, in any case, I cannot say here. I owed \$1,000 upon it. I sent Mr. Barthe—not my editor, but his brother, who is employed in my office—with the \$1,000, telling Mr. Mercier that it was for his note. Mr. Mercier told me in fact that he would pay it, and the bank cashier told me that Mr. Mercier had withdrawn his note, paid it at the bank and that I was free.

I have a letter from Mr. Mercier confirming what I have just said ; I would not like to produce this letter which is confidential and contains private matters personal to Mr. Mercier and myself, but I think the end will be attained if I give the letter to Your Honours to prove what I have said is true.

the letter of credit for \$100,000, it was always in Mr. Armstrong's name, as his representative; that this was a letter of credit given by the Government to the Union Bank, that the Union Bank would not discount it for Mr. Armstrong, who was very anxious to get his money, and was very disappointed that the Union Bank, after promising to discount it, would not do so; and I asked the Bank officials if they would not advance the \$100,000 as they had done the \$75,000.

This is exactly what took place.

Now, as regards the Banque du Peuple, I think the cashier did not accurately remember the circumstances. I did not go once only to the Banque du Peuple to negotiate my note for \$20,000, endorsed by Mr. Vallière. To the best of my recollection, I telephoned to Mr. Vallière to come to my office. I then proposed to him to endorse my note for \$20,000, giving him the guarantee of which I have already spoken, one of the cheques for \$20,000. Mr. Vallière told me he had no objection. Then I left with Mr. Vallière and went to the Banque du Peuple. We asked Mr. Dumoulin if he would discount my note for \$20,000, endorsed by Mr. Vallière, that as to Mr. Vallière I would give him all the security he required to guarantee his endorsement; I even told him that it was a cheque signed by Mr. J. C. Langelier, Government commissioner, and showed him the cheque. I told him that I proposed to ask the Union Bank for a letter promising to pay the cheque when the letter of credit was paid; Mr. Dumoulin agreed, he said he did not require all this, provided he had Mr. Vallière's endorsement he would discount my note, leaving Mr. Vallière to exact what security he required from me.

I left with Mr. Vallière and we went to the Union Bank; we went into Mr. Webb's office, it was rather late in the afternoon; I asked Mr. Webb..... I explained exactly to him the nature of the transaction I wished to make; I told him I proposed to discount my note endorsed by Mr. Vallière at the Banque du Peuple; but that, as the amount was considerable, I wished to give Mr. Vallière a sufficient guarantee for his endorsement.

I asked Mr. Webb if he had any objection to write a letter to Mr. Vallière, stating that he was the holder of a letter of credit for the sum of \$100,000, and that the moment this amount was paid and put to Mr. J. C. Langelier's credit as commissioner, then the cheque which Mr. Vallière held would be paid at this bank. Mr. Webb told us he had no objection, but that he could not write the letter at once; that he would write it that evening and post it, so that Mr. Vallière would get it next morning. Next morning Mr. Vallière came to my office, saying that he had received Mr. Webb's letter and that now he was quite satisfied and willing to carry out the transaction.

Then we went to the Banque du Peuple, there we met Mr. Chs. Langelier. On entering Mr. Vallière said to Mr. Dumoulin: "I am satisfied with my security, you can discount the note and place the amount to Mr. Pacaud's credit." It was done in a moment. I took the note which was already endorsed by Mr. Vallière, Mr. Dumoulin initialed it and ordered the amount to be placed at my credit; because, as Mr. Vallière was the endorser, the amount

ought to have been at his credit, so the cashier's authorization was needed to place it to mine instead of Mr. Vallière's. Which was done and we left.

I must draw attention to the distinction that the discount was not asked from Mr. Dumoulin at the time we met Mr. Chs. Langelier. That was the day before and it was when we went to get the money, proceeds of the discount.....

Several witnesses were asked many questions to discover why I had withdrawn my cheques in August before my departure for Europe. I must state that I withdrew my cheques in all the banks because at that time I had decided to appear before the Senate and give my evidence. I withdrew these cheques the seventh. It was on Friday afternoon that my secretary, Mr. Edge, brought them to me at my house. I left the morning of the 8th to see my family at Murray Bay. I returned the evening of the 8th, Saturday; I reached Murray Bay at 5 o'clock and took the 9.30 pm. boat to return to Quebec; I reached Quebec Sunday morning, and at mid-day took my ticket for Montreal. My intention then was to go to Montreal the Sunday afternoon, take the 8-15 train for Toronto, the Smith's Falls train, and then at 2 am. take the Toronto train for Ottawa, arriving in Ottawa on the morning of the 10th.

As I said yesterday, I had received no summons, but a telegram from Mr. Vidal, President of the Railway Committee of the Senate, informing me that I would be subpoenaed.

When I left, Sunday afternoon, I went to Ste. Anne to meet the Hon. Mr. Mercier. Mr. Mercier asked me if I had been summoned; I told him no, but that I had received a telegram saying that I should be, and that my subpoena would tell me what papers the Committee wished me to take to Ottawa. Mr. Mercier told me then that he was very anxious to have me appear as witness before the Senate, because he knew nothing whatever about the transactions in this Baie des Chaleurs affair, and he was held as responsible as if he had conducted the transactions himself. I discussed the matter for a few minutes with Mr. Mercier differing in opinion from him as to the advisability of my appearing before the Senate. I remarked to him that the Senate, being a political and not a judicial body, would take advantage of their power to ask me illegal as well as legal questions, to make me go over all my former transactions and put me in the alternative of either betraying my friends concerning matters perfectly foreign to this, or to remain a prisoner there for weeks.

Upon these reasons Mr. Mercier said: "I do not change my opinion, that you ought to appear; however I have no objection to your waiting for the summons; for the subpoena that is to be served upon you, and to see what they want you to produce." Then instead of going on to Ottawa, I returned to Quebec.

There was another occasion on which I had a talk with Mr. Mercier. It was before going to Ste. Anne, another time. I can give the exact date, as it was the day on which the *Revue* published a telegram I had sent to the Hon. Mr. Vidal to tell him that I was leaving the following Tuesday for Europe, and if he wanted to hear me to have me summoned at

once. I stopped Mr. Mercier going down to Lower Town and asked him: "Have you sent the telegram I sent Mr. Vidal?" He said, "Very good, I approve of the step you have taken. I hope you will go and explain all. Even if you have compromised yourself, everything so as to save those who have been compromised by you and I who should have been."

I must also speak of the notes signed by the Honourable Mr. Mercier, the two Langeliers, Senator Pelletier and myself. I wish to emphasize to the Commission that this was no unusual proceeding in our party, such has been our custom since the elections of 1886, only then we enlarged our circle. We began by holding a meeting at the house of Mr. Cléophas Rochette, in St. Sauveur, when he obtained signatures to a document from all our principal friends from St. Roch, St. Sauveur, Lower Town and Upper Town. They each made themselves responsible for a certain amount, nominated an agent who made the deposits in his own name, and when these were made he withdrew the notes which were given on the guarantee of the engagement made. I do not know if I am thoroughly understood. The document stated that each person was responsible for the sum opposite his name, but that each was only responsible for that portion of the amount he had agreed to pay. Suppose that we had ten deposits for contestations, \$10,000, that five were lost, the deposits disappeared, only five were returned; then each one of us would be responsible for half of the amount he had subscribed, he would be obliged to pay half of the sum for which he was responsible.

On the strength of this document and engagement, our principal friends made notes and we discounted them at the banks. Those who made the notes and endorsed them were themselves guaranteed by the bond signed by the other friends who did not appear. Senator Pelletier acted most frequently in this way as our party agent, and especially in 1886 when I believe he acted in this capacity. As a rule in these cases, no gentleman who signed was called upon to pay.

Whether there was a settlement of the election contestations or the deposits were drawn in any other way, the deposits were applied to paying the notes, and then those who had signed were no longer liable. To explain the accounts I paid for Mr. Mercier the money which he left with me, I must state that Mr. Mercier keeps house in Montreal, that it was not his Montreal house expenses, I mentioned, but accounts incurred in Quebec in connection with his house here.

I think it will be perhaps important for the Commission to know, as the amount has been much discussed, how much I had in deposits for contestations of elections. There was about \$11,000; this year I made eleven deposits for contestation of elections and counter-petitions.

Chicoutimi, counter-petition of Sir Adolphe Caron; Montmorency, counter-petition of Mr. Arthur Turcotte; Quebec West, contestation of the election of the Hon. T. M. Blackburn; Quebec Centre, counter-petition of Mr. Châteauevert; Champlain, contestation of the election of Mr. Carignan; Three Rivers, contestation of Sir Hector Langevin; Rimouski, contestation of Sir Adolphe Caron; Temiscouata, contestation of election of Dr. Grandbois.

contestation of election of Mr. Desjardins ; Megantic, contestation of election of Mr. Fré-
ette; Richmond and Wolfe, contestation of election of Mr. Cleveland.

By Hon. Mr. Justice Jetté :—

Q. Were the deposits for \$1,000 in each case?

A. Yes, Your Honour, for \$1,000 ; but in most instances I allowed \$100 more for expenses ; allowed in round numbers \$12,000 for the contestations of elections, \$11,000 for deposits and about \$1,000 which I paid for disbursements. That was before the Baie des Chaleurs ; apart from the counter-petition of Sir Adolphe Caron at Chicoutimi which was in the month of May subsequent to the negotiation of my note, the others are all previous to this. I propose, Your Honours to give as nearly as possible the value of my printing establishment in consequence of the declaration which I made yesterday— that the Hon. Charles Langelier had presented me with the half of his interest in the paper. I am not in a position to give exactly the value of the establishment, because I have nothing whatever to do with its management ; I have my partner, Mr. Belleau, who attends exclusively to financial matters, and I am only concerned with the editing of the paper. I might mention that I have always understood from my partner that our establishment ought to be now worth about \$40,000 to \$50,000. I was anxious to give this explanation so that Mr. Langelier's generous act, in giving to me half of his interest in our establishment, might be better understood. When Mr. Langelier gave up his interest to me, the establishment was not worth that much, I wish it to be well understood. The value I have given is what it is worth to day.

By Hon. Mr. Justice Jetté :

Q. When did Mr. Langelier leave you ; when was the partnership dissolved ?

A. I cannot say as I have not searched in the Peace Office to find the date of the dissolution of our partnership, but the recollection that I have and which I have always alluded to in speaking to my friends, was when Mr. Mercier came to power, when we commenced to receive the patronage of the Provincial Government.

Q. Do you not recollect about the date ?

A. No, Your Honour, but I can easily give it on Tuesday, when I continue my evidence.

Q. At any rate, there is a deed of dissolution of partnership, that is a new declaration of proprietorship, duly registered.

A. Yes, Your Honour.

Q. And you say that at that time the paper had not begun to prosper ?

A. No.

Q. But such was afterwards the case ?

A. Naturally, we were certain of prospering, as we were sure of getting the whole patronage which had been divided among the conservative organs. It was then that Mr. Langelier told me that now there was no more need of sacrifices on his part, that the paper could maintain itself and even become prosperous, that he willingly gave up to me all his interest in it.

By Hon. Mr. Justice Jetté :—

Q. Have you any other declaration you would like to make?

A. Not for the present, Your Honour.

By Hon. Mr. Justice Jetté :—

Q. Before entering upon the regular cross-examination, or rather the regular examination which you must undergo, can you tell what date you cashed the two cheques, Mr. Mercier gave you : that of \$5,000 and that of \$3,500 ?

A. I think on the same day.

Q. The same day as the date upon the cheque ?

A. Yes.

Q. Of course you haven't got those two cheques ?

A. No, but Mr. Mercier has them.

Q. Can you tell me how you cashed them, whether directly in money, or through one of the banks where you did business ?

A. As well as I remember I drew them in bank notes at the Union Bank.

Q. At the Union Bank ?

A. Or some other bank through the Union. I am not positive, but to the best of my recollection...I certainly did not cash them at the Caisse d'Economie, because I never cashed any there, I never went to the Caisse d'Economie, that is I had been to the Caisse d'Economie, but I never cashed a cheque there, so that I must I have done so elsewhere, and I think I did so at the Union Bank.

Q. Then you deposited the two cheques at your credit in the Union Bank ?

A. No.

Q. Did you cash them or did you present them at the Union Bank ?

A. I did not deposit the cheques at the Union Bank ; I took the money, as well as remember, I deposited \$4,000 on the first cheque ; on the 4th March, when I cashed the cheque of \$5,000 to my order, I drew out all the money. I deposited \$4,000 and I took away \$1,000.

Q. You think that was on the 4th of March ?

A. I have every reason to think so.

Q. Is there any entry of this \$4,000 in the account you have submitted for the 4th March ?

A. In my statements ?

Q. Yes .

A. The statements do not extend so far, but if Your Honour will consult my bank book, I think you will see that I deposited \$4,000 in the Union Bank on the 2nd of March. Referring to my bank book, I see that I deposited \$4,000 in the Union Bank, current account, on the 2nd March.

Q. What is the date of the cheque ?

A. 2nd March ; the entry in my book is dated the 2nd March, the date of the \$5,000 cheque Mr. Mercier had given me.

The evidence of the witness was suspended to allow Hon. Mr. Mercier to produce the two cheques in question.

THE HONORABLE HONORÉ MERCIER, of the City of Quebec, Prime Minister of the Province of Quebec, being duly sworn upon the Holy Evangelists, doth, depose and say :—

I produce as **Exhibit No. 95**, a cheque of the 2nd March, 1891, upon the Caisse d'Economie de Notre-Dame de Québec, Upper Town, for \$5,000, to Mr. Pacaud's order and to be charged to my account folio 20,633, signed by myself and endorsed by Mr. Pacaud. It seems to have been collected by the Union Bank of Canada, Quebec, and been placed to the credit of that bank. If I can judge by the entry on the back—it is printed—the cheque seems to have been accepted by the bank, but the date of payment is not mentioned.

I also produce as **Exhibit No. 96**, another cheque on the same Caisse d'Economie for \$3,500, dated the 4th March, 1891, to be charged to the same account, signed by myself and made payable to bearer. This cheque also is endorsed by Mr. Ernest Pacaud, and I read on the back : " For credit of Union Bank of Canada, Quebec, No. 2—Webb, cashier." I cannot read the initials.

I examined my bank book and I found that the cheque for \$5,000 is charged against me on the 2nd March, and the cheque for \$3,500 is charged only on the 5th, that is the day after its date.

And further the deponent saith not.

After the production of the two cheques by the Hon. Mr. Mercier

ERNEST PACAUD, advocate and journalist, continues his deposition as follows :—

By Hon. Mr. Justice Jetté :—

Q. Was the \$3,500 cheque drawn then, in the same manner as that for \$5,000 ?

A. Yes, Your Honour.

Q. You drew \$5,000 from the Union Bank upon the cheque for \$5,000, and you deposited \$1,000 ?

A. Yes.

Q. What did you do with the balance of \$1,000, did you deposit it later, or did you keep it ?

A. I see that the next day I made a deposit of \$500 at the Banque du Peuple, I think it may have been from that sum, I cannot swear positively to it, but I think such is the case—I deposited the \$500 at the Banque du Peuple the next day, March 3rd.

Q. Then there still remained \$500 ?

A. There still remained \$500.

Q. Which were not deposited ?

A. No, Your Honour.

Q. Which you kept ?

A. Which I kept.

Q. Now, when the \$3,500 were drawn, what did you do with it ? did you deposit any of it ?

A. Not immediately, Your Honour ; I must have deposited it gradually in other banks, because, as I said yesterday, I see in my bank books deposits made by me during the days following the 4th March ; and as I do not recollect receiving any other amount in this space of time, apart from the sum Mr. Mercier gave me, I suppose it must be that. I certainly

received the proceeds of the large bills which have been produced, but this appears in my book as discount.

Q. Can you give approximate dates of these deposits which you made on subsequent days ?

A. Yes, Your Honour.

Q. The deposits which you suppose may be connected with this sum of \$3,500 ?

A. As far as the Banque du Peuple is concerned, immediately afterwards, after the 4th March, there are several deposits, but they are evidently the proceeds of discount ; among others, there is \$497.75, this must be the proceeds of a note for \$500 ; there is \$2,463.05 which must be the proceeds of a note of \$2,500 ; as regards the Banque du Peuple, the first deposit which I made was on the 31st March, \$1,000 ; the 16th April I had deposited \$700 ; the 20th April \$1,000.

Q. All that at the Banque du Peuple ?

A. Yes, Your Honour, these are the nearest transactions.

Q. Are there any deposits in the other banks ?

A. On the 6th March, next day but one, my Merchants' Bank book shows that I deposited \$500.

On the 5th March, the day after the date of the last cheque, I deposited \$1,000 in the Union Bank, Savings Department, and on the 12th March \$4,000.

Do Your Honours wish me to look in the other books ?

By Hon. Mr. Justice Jetté :—

Q. You have sufficient to cover the amount, unless you should find deposits in the other books more nearly approaching this date, and which, in your opinion, might be deposits from this sum of \$5,000.

A. In the Union Bank, for my current account, I deposited \$500 the 9th March.

By Hon. Mr. Justice Jetté :—

Q. You need look no further in those books, unless you have no deposits in the Savings Department.

A. I have looked through all the books and I find none.

Q. Then, you do not think that there are any other entries which might apply to this sum ?

A. I do not remember, you see I have not kept a special account of the money Mr. Mercier gave me. I have mixed up the money he gave me with other money in my possession ; I was only anxious about one thing, to take good care to have enough money in my possession to send Mr. Mercier in case he cabled or wrote me for his money, on this account, even on the day after the polling and following days, I always kept a sufficient sum so that I could always comply with Mr. Mercier's desire, should he send for the money he had placed in my hands.

Q. Did you enter, Mr. Pacaud, in your cash book, if you keep one, the receipt of these two sums for \$5,000 and \$3,500 ?

A. I keep no book, Your Honour.

Q. Then you have no means of rendering account except by cheque ?

A. I generally pay by cheques to order, this explains why I have been able to account

the last cent, for the considerable sums which have passed through my hands during the last 6 months, because almost all the payments were made by cheque. I say that I do not keep books; of course my establishment has its books, which are kept by my partner; I speak of my personal accounts. But it is not only since this affair that I do not keep any books, it is ever since I ceased to practise as a lawyer in partnership with Mr. Achille Larue.

By Mr. Beique :—

Q. When was that?

A. I do not remember the exact date, I recollect one date; I know that in 1882. I was practising with Mr. Larue, then I stood for the County of Bellechasse, but I do not know how long we were in partnership.

By Hon. Mr. Justice Jetté :—

Q. At all events, since you ceased to practice as a lawyer, you keep no books?

A. I do not keep any books. I trust to my memory and my cheques.

Q. Now, to return to the important points of your evidence, I understand that you only entered upon negotiations with Mr. Armstrong, only after those with Mr. Macdonald had been completely given up?

A. Yes, Your Honour.

Q. Yet negotiations took place previously between you and Mr. Armstrong, which were only conditional on your part, that is, until you should receive a definite answer from Mr. Macdonald?

A. Negotiations generally limited to this. Mr. Armstrong told me that Mr. Macdonald would certainly not succeed with the directors of the company and it would be better to arrange with him, I allowed no discussion of any detail whatever; I told him no, that I was at Mr. Macdonald's disposal, and that until he told me himself that he would give up the affair, I would have nothing to do with him.

Q. When Mr. Armstrong accompanied you to New-York, you had not yet received Mr. Macdonald's final reply?

A. No, Your Honour.

Q. On this account you sent this telegram to Mr. Irvine dated from St. Johns, so as to get Mr. Macdonald's answer?

A. Yes, because Mr. Armstrong urged me to obtain a definite reply from Mr. Macdonald and we took this method of telegraphing to Mr. Irvine so as to obtain a fixed date and put Mr. Macdonald *en demeure*. This is why Mr. Armstrong and I agreed to wait till the following Wednesday.

Q. I understand that Mr. Armstrong did not accompany you on this journey to New-York?

A. No, Your Honour, he went as far as St. Johns.

Q. That journey took place on the occasion of Mr. Mercier's departure for Europe?

A. Yes, Your Honour. Mr. Armstrong's object was to obtain from Mr. Mercier before his

departure for Europe a favorable answer to the letter Mr. Mercier had received the before from Hon. Mr. Laflamme acting for Mr. Cooper.

Q. Were you among those who accompanied Mr. Mercier to New-York on that o

A. Yes, Your Honour.

Q. Will you tell me what ministers were present on the same train?

A. The Hon. Mr. Mercier, Hon. Mr. Shehyn, Hon. Mr. Robidoux, Hon. Mr. Hon. Chas. Langelier.

Q. Any other persons besides.

A. Yes Your Honour. There were Mr. Desmarais, member of St. Hyacinthe, as can remember, Mr. Achille Carrier. I think Dr. Vallée, Mr. Paul de Cazes, Mr. J of Montreal, Architect, Mr. J. A. Mercier brother of the Premier.

Q. A certain number of friends?

A. Yes, I think that is almost all, Your Honour.

Q. Well, during the first part of the journey before arriving at St. Johns, did yo to Mr. Mercier about Mr. Armstrong's request?

A. Yes, Your Honour; I went into Mr. Mercier's car,... I ought at first to sta had met Mr. Armstrong in the station, I followed him and we went into the palace into Mr. Mercier's private car. I was with my wife and we went into the regul went in with Mr. Armstrong and I conversed with him. Mr. Armstrong repeated ve the same conversation that we had had the evening before at the Windsor Hotel, that he was anxious to see Mr. Mercier to get an answer, asking me at all costs t an interview for him with Mr. Mercier; then I went to Mr. Mercier's car and repe Armstrong's request. Mr. Mercier said that Mr. Armstrong was welcome to visit hi car, that he would be glad to see him; but that if he wished to see him to speak of matters and discuss the Baie des Chaleurs affair, he, Mr. Mercier would not see him. had received Mr. Laflamme's letter, and that he would reply to him.

Q. No other answer than that?

A. No, Your Honour. I returned and told Mr. Armstrong... I don't know, w told him Mr. Mercier would not see him, but, not to hurt his feelings, I discouraged b ing him it was useless to try and see Mr. Mercier but that I would speak to him myse the journey. Any way that is about the substance of our conversation.

Q. Did you speak to Mr. Mercier before the other ministers or alone?

A. Before all the ministers. I think they must have heard because there ca privacy on that car; if Your Honour knows the Wainwright car, there is no separa ment in it.

Q. Now during the rest of the journey, after leaving St. John, did you spea Mercier about this new syndicate which was to be formed.

A. Yes, Your Honour. I asked Mr. Mercier to give his favorable consideratio

proposal which had been made to him by the new syndicate in case Mr. Macdonald should withdraw. Mr. Mercier said it would be a great pity if Mr. Macdonald should withdraw and begged me to do all I could to prevent it; that he had confidence in Mr. Macdonald who had fulfilled all his engagements with the Government in his contract on the Temiscouata railway, and therefore to do all in my power during his absence to prevent him from withdrawing. As for the Hon. Mr. Laflamme's letter, Mr. Mercier said to me: "he asks me all sorts of questions, whether the Government proposes to give this or that. Well, I have spoken to my colleagues, and I will tell you how I shall answer Mr. Laflamme; that the Government has decided to give nothing to any syndicate that will undertake the construction of the road, nothing more than the statutes already give. I shall write to Mr. Laflamme to the effect that Mr. Cooper or anyone else is welcome to make proposals, provided that they are satisfied with what the statutes at present give."

Mr. Mercier then requested me to retire to the other car as he wished to consult his ministers on the subject and to hold a sort of informal meeting.

Q. Then Mr. Mercier asked you specially to use your best endeavors to prevent the negotiations with Mr. Macdonald from falling through, and to induce him to entertain the proposition?

A. Yes, Your Honour.

Q. Was there any question of what would be done in case Mr. Macdonald declined to go on finally?

A. No, Your Honour. I think nothing further passed between Mr. Mercier and myself besides what I have just related. I don't remember; in any case that is the substance of it, his instructions to try and keep Mr. Macdonald and in the second place the answer he proposed to give to Mr. Laflamme's letter.

Q. Mr. Mercier did not take in consideration at all the possibility of the breaking off of the negotiations with Mr. Macdonald, and the necessity for the Government in that event to deal with a new syndicate?

A. No, Your Honour.

Q. I see in the evidence given before the Senate that some one said, on page 212:

Q. Did Mr. Pacaud not lead you to understand that he informed Mr. Garneau that if he did not issue letters of credit, that he would telegraph Mr. Mercier?

A. That was the statement I had heard and which I asked Mr. Pacaud about. He told me that Mr. Mercier had left him instructions to have that Baie des Chaleurs railway matter settled as quickly as possible, that he wanted to see the men at work before he got back, and that if Mr. Garneau did not settle the matter he would cable to Mr. Mercier about it."

The portion to which I wish to draw your attention is that Mr. Mercier, according to Mr. Armstrong, instructed you to look after the Baie des Chaleurs matter regardless of Mr. Thom, Mr. Cooper or Mr. Macdonald, that Mr. Mercier was anxious that the matter should be well under way when he returned?

A. No, Your Honour, Mr. Mercier gave me no such instructions, but Mr. Armstrong may have been led into error by what I said afterwards to the ministers when trying to induce them to accept the Cooper proposition. I told the ministers that Mr. Mercier had requested

me before leaving to see that the company was reorganized and that the workmen in his county were paid and the works continued. I think that I used Mr. Mercier's name in this sense to his colleagues, but Mr. Mercier never gave me any instructions on this point.

Q. Your instructions were simply to prevent Mr. Macdonald from breaking off the negotiations that he had begun ?

A. Yes, Your Honour. I must state this in justice to Mr. Armstrong, who was led into error upon this subject.

Q. When Mr. Mercier told you that it was important to keep Mr. Macdonald, so that the enterprise should be brought to a satisfactory conclusion, was the declaration made in the presence of his colleagues, of the other ministers.

A. That is my impression, Your Honour. You see there are only two small rooms, one at each end of the cars ; one of these was occupied by Madame Mercier, Madame DeCaz, Madame Gouin and some other ladies and we were all seated in a circle at the other end of the car which is not much larger than the table here or this square, so that they must have heard it.— I do not know, I cannot swear, that the ministers heard what was said, but they might have heard if they had paid attention, for Mr. Mercier did not speak in an undertone.

The evidence of the witness was adjourned till Tuesday next, the 27th day of October.

J. BELANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

12th SITTING

On the twenty-seventh day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President.

" " LOUIS FRANÇOIS GEORGES BABY,

" " CHARLES PEERS DAVIDSON,

Commissioners.

ERNEST PACAUD, advocate and journalist, appeared again and continued his evidence as follows :

Last Saturday, Your Honours told me to bring the exact date of my dissolution of partnership with Hon. Chas. Langelier, I have had a statement made by the clerk of the peace, showing all the changes of ownership of the *Electeur*, which I produce as Exhibit No. 97.

These are the changes :—

15th July 1880. Declaration of Charles E. Gagnon, pending the incorporation of the Quebec Printing Company.

17th November, 1881. Declaration of Charles E. Gagnon for the Quebec Printing Company.

3rd July 1882. Declaration of E. Pacaud, J. Plamondon, J. Archer, junior, and A. J. Auger.

1st July, 1883. Declaration of E. Pacaud, J. E. Plamondon, J. Archer, junior, and A. J. Auger.

18th September 1884. Declaration of E. Pacaud and Charles Langelier.

9th January 1886. Declaration of P. B. Casgrain and Wilfrid Laurier.

22nd March, 1886. Declaration of P. B. Casgrain and Wilfrid Laurier.

1st December, 1886. Declaration of E. Pacaud and Ulric Barthe.

9th December. 1889. Declaration of Ernest Pacaud.

I entered into partnership with Mr. Chs Langelier in 1884 and this partnership was dissolved in 1886. I must explain that although Mr. Laurier's name appears in the deed in the office of the clerk of the peace he had nothing to do with the paper. I continued the same with Mr. Langelier.

It was for party reasons that we put Mr. Laurier's name in, but it was understood that

he should have nothing to do with the paper; I think there was even a clause in the deed to that effect. The relations of Mr. Langelier and myself remained the same as ever as regards the paper.

By Hon. Mr. Justice Jetté :—

Q. Up to April 1886?

A. Yes, April, the date of the next registration.

In the list of deposits for contestations of elections that I gave Your Honours, I forgot to mention the deposit I had made for the Laprairie election. Mr. Beausoleil had drawn a cheque for \$1100, of which \$1000 were to be applied to the deposit for contestation of Laprairie and \$100 for expenses. A few days after, Mr. Beausoleil made a transfer of his sum, that is why I had not mentioned it. All the other deposits were made in my name, this one was made in my name but the amount was transferred to me because I had furnished the money.

Since Saturday's sitting Mr. Choquet, member for Montmagny, has requested me to go to the Commission that he had repaid me the \$130 that I mentioned having advanced to him for a deposit. It was a few days afterwards that he paid me, not since the opening of the Commission. It was a few days after having made the deposit for him that he paid me.

Concerning a sum of \$30 paid to Mr. J. A. Tessier, advocate of Three Rivers, I was under the impression on Saturday, that I had advanced this sum for the revision of electoral lists. Mr. Tessier tells me that it was for expenses on the contestation of Sir H. Langevin, member of Three Rivers, and for Mr. Carignan, member for Champlain. Tessier is right I remember now that such was the case.

In my list of accounts, I have mentioned \$100 as having been given to Mr. G. Desaulniers of the *National*, without saying for what purpose, I must state how that I found a letter from him of the 15th May stating that it was not for himself but for a newspaper published at Louiseville, the *Courrier de Louiseville*, published at Louiseville.

By Hon. Mr. Justice Davidson :—

Q. Is the letter filed?

A. No, Your Honour.

By Hon. Mr. Justice Jetté :—

Q. To return to some of the questions I asked you on Saturday, Mr. Pacaud I think you stated that the two cheques that you received from Mr. Mercier had been presented by him at the Union Bank and that you had drawn the money from the Union Bank; these cheques were then not presented at the caisse d'Economie?

A. They were certainly not presented by me at the caisse d'Economie, as well as I recollect I presented them at the Union Bank.

Q. The Union Bank did not pass them to your credit but paid you the money?

A. Yes, Your Honour.

Q. And you have indicated, I think, a sum of \$4000 at about the date when you

the cheque for \$5000, as probably being part of the proceeds of this cheque for \$5000, as being a deposit which you had made, immediately after having drawn this sum of \$5000.

A. The very day, Your Honour.

Q. Then the Union Bank discounted this cheque or rather paid it to you as if drawn upon itself?

A. Yes, Your Honour.

Q. Afterwards the Union Bank collected it from the Caisse d'Economie?

A. Yes.

Q. Now how many drafts did you send Mr. Mercier when he was away; one only or several?

A. Two, one for \$5,000 drawn on the Banque Nationale on the 15th May and another for a like amount sent by cable I think on the 3rd July.

Q. Did you keep a copy of the cable you sent Mr. Mercier informing him that the sum had been placed to his credit?

A. No, Your Honour.

Q. You think it was the 3rd July?

A. I think it was the 2nd or 3rd July. I went to see the telegram since at the telegraph office; as well as I can recollect it was the 2nd July.

Q. This last draft was in response to Mr. Mercier's request made in the letter, a part of which you read during your examination on Saturday last?

A. Yes, Your Honour.

Q. And this letter was dated the 21st or 22nd of June?

A. The letter was dated June 18th and I received it on either the 29th or 30th, I am not quite sure. I think the 30th.

Q. Through what bank was the first draft sent?

A. The Banque Nationale, Your Honour, May 15th.

Q. And the second draft?

A. I think also through the Banque Nationale?

Q. Are these two drafts entered in your statement of accounts?

A. The first draft for \$5,000 is entered, but not the second, Your Honour.

Q. Do the accounts not extend so far?

A. It is not that, Your Honour. In another personal matter quite foreign to this one, I received another sum of \$7,500. I went to the Banque du Peuple, deposited my cheque for \$7,500, I drew \$5,000 in money, and placed \$2,500 to my credit; I took the \$5,000 and to the best of my recollection I went over to the Banque Nationale to take up the draft.

Q. Then there was a deposit at the Banque du Peuple about the 2nd July, of \$2,500?

A. Yes, Your Honour. I think we shall find on the 2nd July the \$2,500 balance of the \$7,500, cheque I cashed that day.

Q. Then you did not discount a note to pay this new draft ?

A. No. I made the note on the 30th June ; I took it to the Union Bank and left it with Mr. Webb. My intention was to discount, if I required it, but, knowing that I was to receive the money I preferred not to discount the note, to save paying the interest, to take the money I was to receive and send it according to Mr. Mercier's request, and keep the note for myself personally. It was almost the same as if I had discounted it. I did not do so till July 30th.

Q. At any rate on June 30th, you made a note on one of the blank forms left by Mr. Mercier ?

A. Yes, Your Honour.

Q. Where was the note made ? Who had the blank form ?

A. The Hon. Senator Pelletier.

Q. You went to this house, the note was filled in there ?

A. Yes, Your Honour. I went to Mr. Langelier's house, showed him Mr. Mercier's letter and asked him to accompany me to Senator Pelletier's house, telling him besides that I wanted his endorsement. We went to Senator Pelletier, and I read to him that part of Mr. Mercier's letter authorizing me to take a blank note which remained. Mr. Pelletier gave it to me, and I am not sure whether I made the note in his office or not. I cannot remember. It is quite possible that I filled in the note there ; but I do not remember.

Q. As I think this last item is not given in your personal accounts with Mr. Mercier can you give us a general statement of all your transactions, that is to say all you paid out for Mr. Mercier, because this 2nd draft is not entered in his private account ?

A. I have had no other money transactions with Mr. Mercier after his departure for Europe besides those I have already mentioned.

Q. Does that include the last draft you have just mentioned ?

A. Including the last draft just mentioned which is not in my account because the sum was not entered at the bank ; that matter had nothing whatever to do with the Baie de Chaleurs.

Q. Now, can you give us the dates of the different notes which were made to obtain the discount for deposits for the contestations of elections ? Have you the date, number and amount of each of these notes ? I think there were 4 for \$5,000 and one for \$3,000 ?

A. Yes, Your Honour ; I must speak I suppose, only of those notes mentioned in my statement of accounts ?

Q. I know of no others.

A. There were three kinds of notes signed ; notes signed before the polling day, notes signed afterwards, and notes left in bank by Mr. Mercier, for deposits for contestations of elections.

86-1. Note of \$5,000 ; this note was due on the 15th April. It was paid without renewing. What caused a little confusion was that although it was made payable at the Union Bank, it was discounted and paid by the Banque Nationale ; but this **Exhibit 86-1**

note of \$5,000 of April 15th payable at the Union Bank, discounted by the Banque Nationale, was due on the 18th May, and was paid on the 14th May.

Q. Was that the original note?

A. It was the original, it had not been renewed.

Q. This was after the elections?

A. Yes. It was one of the blank forms left by Mr. Mercier, with Senator Pelletier, I see no other at the Banque Nationale. Statement of the Banque du Peuple 88-1, note of \$5,000, dated February 28th discounted and paid by the Banque Nationale.

Q. This was before the elections?

A. Yes. This note was not renewed; it was due May 1st and I paid it on the 6th May 89-3, \$300 00. This note is of April 1st; it was discounted by the Union Bank, and paid when due, the 11th July. This is not a renewal, it is a note made after the polling.

Q. Are these three notes the original notes, not renewed?

A. No, Your Honour, they were not renewed, 89-5, \$5,000. This note is dated the 10th March 1891; it was discounted and paid at the Union Bank; it was paid when due; it is also an original note. 89-9; \$5,000. 1st April 1891, it was discounted at the Banque Nationale, and paid the 22nd July. I cannot say now whether it is original note or a renewal; that is not shown on the note. This appears to have been discounted at the Banque Nationale, but I did not do so directly I had it discounted by Mr. George Demers, broker, who passed it at the Banque Nationale. I am under the impression that it was a renewal but I am not certain... Yes, Your Honour, I state how that was.

Q. Do you remember the date of the previous note?

A. The 2nd of March, Your Honour.

Q. It was the 2nd of March?

A. Yes.

Q. Made and endorsed by the same parties?

A. Yes, Your Honour.

Q. Then there were two notes for \$5,000, previous to the elections, that of February 28th and the one you have just mentioned which was a renewal of a note of the 2nd March?

A. Yes.

Q. And there were two for \$5000, and one for \$3000, after the elections?

A. Yes.

Q. Were the notes made previous to the elections used for electoral purposes, or for contestation of elections?

A. For electoral purposes.

Q. So that only notes subsequent to the elections were for deposits to be used in contestations of elections.

A. Yes, Your Honour.

Q. That is so is it not ? 86-1 that of the 15th April, 89-3 at the Union Bank April 1 and 89-5 of March 10th ; these three were made after the elections and were discounted for deposits used for the contestations ?

A. Yes, Your Honour.

Q. Now, I understand Mr. Pacaud, that the statements of accounts you have given those that you have given in, relate solely to the \$100,000, of the Baie des Chaleurs affairs, and you have besides other sources of revenue which you have not taken into account in the statements which you have produced : you have received other sums of money : for example that of \$7,200, mentioned by you this morning and which is not in your account, you have other sources of revenue apart from these \$100,000 arising either from your paper elsewhere ?

A. No, Your Honour ; I think that the sum of \$5000 just mentioned is the only sum entered at the bank ; all my bank transactions are in the statements I have produced.

Q. What I ask you is this ; whether all your sources of revenue appear in the receipts mentioned in your statement of accounts ; for example, what you have drawn from your paper is not mentioned in any special way, it is not explained ; but what I wish to know whether in the deposits made at the banks you have entered all the amounts you may have received, drawn, for instance, from your paper ?

A. I accounted for everything entered at the banks.

Q. All that you have drawn from any source whatever is in your bank books ?

A. Yes. I have explained to Your Honour that only the sum of \$5,000, which was taken from that sum of \$7,500..... Needing money I kept \$5,000, which I also required and deposited \$2,500 ; besides that I have taken nothing out of my books since my account was opened.

Q. Everything is mentioned ?

A. All.

Q. Now, to return to the origin of this transaction before us. The Prime Minister left New-York for Europe on the Saturday, did he not ?

A. Yes, Your Honour, on the 13th March.

Q. And it was on the following Wednesday that you had your interview with Mr. Armstrong at the Brunswick Hotel ?

A. Excuse me. Thursday, March 19th.

Q. The negotiations with Mr. MacDonald were then, I understand, broken off, and you had received a telegram from Mr. Irvine...?

A. I considered them broken off ; not explicitly by word or in writing, but because I had made no answer to the telegram I sent telling him to give us an answer by Wednesday.

Q. Then you began negotiations with Mr. Armstrong regarding the syndicate he was about to form ?

A. Yes, Your Honour.

Q. Mr. Armstrong has said and you yourself have declared that there was a misunderstanding between you as to the amount of the commission you were to charge him.?

A. It was not exactly a commission but the amount.....

Q. The amount he was to give for settling the affair ?

A. Yes.

Q. That is for settling his claim against the company ?

A. Yes.

Q. You then promised him to use your influence to promote the success of the syndicate or company he represented in return for the interest he offered you ?

A. Yes, Your Honour.

Q. Well, what were the services you were to render to ensure the success of the syndicate? what were the negotiations—in fact what was the influence you were to use for the success of the enterprize undertaken by Mr. Armstrong for Messrs Thom and Cooper's syndicate ?

A. Mr. Armstrong did not say what services he expected from me ; I could not judge his intentions ;— if these services had been definite—but they were not.

Q. Did he simply ask you to interest yourself in the matter ?

A. Yes, I may say frankly, Your Honour that he expected me to actively push the company's interest ; I have no doubt such was his intention, but I cannot answer that question.

Q. There was nothing precise on the subject ?

A. Nothing as regards the nature of the services Mr. Armstrong expected from me. I was simply to see that the affair was successful. I understood that I was to have nothing for my trouble if I did not succeed ; if I did succeed I should have the surplus above the \$75,000 Mr. Armstrong would get from the company in settlement of his claim.

Q. What steps did you take to bring about the success of the new syndicate, to obtain the contract for them, in fact to substitute the new syndicate to the old company ?

A. As I was thoroughly convinced that the matter was of public interest I immediately set to work to try and induce the members of the government to accept the proposal made to them by Mr. Thom in the name of the Cooper syndicate. I saw personally several of the ministers among others the Hon. Mr. Duhamel, the Hon. Chs. Langelier, during the first part of the negotiations ; subsequently I saw also the Hon. Mr. Rodidoux and I did all I could to induce these gentlemen to accept Mr. Thom's proposal but to accept it at once as the least delay might cause the rupture of the negotiations.

Q. I understand that in these interviews you represented that Mr. Thom's proposition was favorable and ought to be accepted ?

A. Yes.

Q. Answering the objections raised ?

A. With the ministers I only brought forward the question of public interest ; I considered that if they delayed longer to further the construction of this railway no one could else undertake it ; that work to the extent of \$1,000,000 would go to ruin and if a few months slipped by without any one taking charge of it, no one would be willing to undertake the completion of the road. This is what I put before them. I also laid emphasis on the interest they had in retaining the party's popularity in Gaspe.

Q. These \$100,000, on which you counted in case of success, were they for your personal profit alone, or were you to divide it with any one?

A. With no one. It was my personal property which I could honourably put on one side and keep for myself without giving a cent to any one else; I was all the more attentive on the subject that no one except Mr. Armstrong, knew I was to get it or had received it.

Q. Yet you used some of it to pay party accounts?

A. Yes, Your Honour as I always had done with my money, I settled a lot of claims against the Federal Government, although it was not my party, for several thousand dollars. I have used the money gained in this way also in the interest of my party wherever there was need.

Q. Now was not Mr. Armstrong to have part of this \$100,000?

A. No, Your Honour.

Q. Did he expect no share at all?

A. He did not tell me so.

Q. Or at least some favor or other, when you had this sum in your hands?

A. No such thing was mentioned.

Q. Yet there was \$2,000 in drafts which he drew upon you and which you paid?

A. Yes.

Q. Then you made him a present of that?

A. Yes. Mr. Armstrong told me that he would pay me back. I have his letter in which he told me to keep his cheque which had been protested and he would repay me; but I had no intercourse with him since.

Q. Did not Mr. Armstrong wish you to accept drafts for more considerable sums since

A. Yes, Your Honour. I don't know whether it was exactly a draft, but Mr. Armstrong wanted me to advance larger sums to him.

Q. For how much?

A. I think he asked me for \$14,700.

Q. Did he not mention to you the amount that you had received saying that you ought to help him, that you ought at least to give him a portion of the profit you had made?

A. No, Your Honour. Mr. Armstrong only asked me for this advance as a loan and not as a gift. He offered to transfer to me as security some railway subsidy, I think, the St. Andrew and Lachute railroad, or else the Great Northern. I am not certain as I did not continue the negotiations.

Q. Did you ever allow any of the ministers to whom you spoke in favor of the syndicate, to understand that you had an interest in the matter?

A. I swear positively, Your Honour, never, directly or indirectly.

Q. You never mentioned it to Mr. Duhamel ?

A. Never.

Q. Nor to Mr. Robidoux ?

A. Never.

Q. Nor to Mr. Charles Langelier ?

A. Never.

Q. Nor to any other ?

A. Never.

Q. You never told Mr. Garneau among others ?

A. Never, Your Honour, if I had told Mr. Garneau or any of the ministers it would only have spoilt my negotiations instead of assisting them.

Q. Have you calculated exactly the amount you have given to Mr. Ch. Langelier ; could you give the total amount received by him ?

A. I could not do so now, Your Honour, without making a statement of what I gave as a gift and as a loan, or what I paid to him for what he had disbursed for me, for Mr. Langelier paid several sums, among others an amount of \$500. I had no money at day and Mr. Langelier gave me a cheque for \$500, on the Caisse d'Economie, which I paid him back later on, one of these sums is included in the sums mentioned in my statement.

Q. Had Mr. Langelier any other claims against you besides that sum of \$500 ?

A. There may have been in the course of our transactions. I only remember that in particular at the moment, but if the Commission wish me to prepare a statement.....

Q. I find in the statement you have submitted to the Commission, among the entries at the Banque du Peuple, the cheques upon the Banque du Peuple, a sum of \$918 paid to the contractor Parent ?

A. Yes, Your Honour.

Q. A sum of \$200 deposited for Mr. Langelier at the Union Bank, a sum of \$500 paid by him to the Fortress Hotel Company ; \$17.60 paid to Mr. Morin, and on the 22nd July, a note of Mr. Chs. Langelier paid for \$1,600, which makes in the statement of the Banque du Peuple, a sum total of \$3,235.83 ; at the Union Bank, I find a cheque deposited at the Banque du Peuple to the credit of Mr. Chs. Langelier for \$3,000 ; another cheque of \$500 deposited to his credit at the Banque du Peuple ; I find on the same day, July 11th, a sum of \$1,500 to Mr. Chs. Langelier, and on the 10th August a deposit left in his hands of \$500. I think you said concerning this deposit that \$200 or \$300 were given back later on ?

A. Yes, Your Honour.

Q. Which makes in Union Bank cheques a sum of \$5,500 ; less the \$300 he returned to you, \$5,200 ; now I find at the Banque Nationale on the 1st June a cheque for \$555.40. Total : \$8,991.23 ?

A. Yes, Your Honour.

Q. All this was paid between the 9th of May and 10th August ?

A. There is a deduction to be made, Your Honour. On the 9th May, I recapitulated all the sums I had advanced to Mr. Langelier previously. I made him give me a cheque for \$2,072 and a few cents, which I cashed on the 11th July. In the statement I have produced, I have only kept account of the money given to Mr. Langelier, not of my other transactions, of what he paid me back ; as on these sums I repaid \$500 which Mr. Langelier had lent me and then I remember in May he give me a cheque for \$2,072 and a few cents which was the total of sums I had previously advanced him ; I cashed this cheque and the amount was put to my credit in my bank-book.

Q. Then of the \$9,000 in round numbers, you got back from Mr. Langelier, \$2,572 ?

A. About that, Your Honour.

Q. Then to return to the month of July alone, I see that during that month, you advanced Mr. Langelier, the deposit for \$3,000, that of \$500, a sum of \$1,500 in money, and a sum of \$1,600 by a paid note, *i. e.* \$6,600 during that month ?

A. I cannot calculate so quickly, but no doubt Your Honour is correct.

Q. I find this from the entries. I ask these questions to draw your attention to the considerable sums you advanced to Mr. Chs. Langelier during this time ; *i. e.* that in the space of three months you advanced him about \$9,000, and in the month of July alone \$6,600 of the \$9,000. My object was to put this question to you ; was not Mr. Langelier somewhat surprised at the advances you made him ?

A. I think there is a mistake, Your Honour, that the sum advanced is not..... Your Honour will allow, I can make a summary of it.

Q. We should be very glad to have a statement of the advances ?

A. I am obliged to go entirely by the figures Your Honour gives me.

Q. You can take the statements and verify the figures that I will give you. At the Banque du Peuple, there is the item 88-5a, \$918.23 ; item 88-6, \$200 ; 88-16a \$500 : 88-41, \$17.60 ; and 88-120, \$1,600. In the Union Bank account there is item 89-4, \$3,000, item 89-8, \$500, 89-8 \$1,500, and 89-14, \$500; from the last \$500 I deduct the \$300 given back. At the Banque Nationale there is item 86-15, \$555.40. I think that if you add these different sums you will reach a total of \$8,991.

A. I do not know if my figures are the same as Your Honour's. At the Banque du Peuple, \$8,235.57, and at the Union Bank, \$550, at the Banque Nationale, \$565.40. Now

must deduct the \$300 which Mr. Langelier made me cable to London, and also the cheque lent me and \$2,072. This gives \$6,419.23.

Q. I repeat my question. Do you not know whether Mr. Langelier was surprised, at seeing this amount from you in so short a space of time ; did he not express surprise at your being in a position to supply him with so much money in the space of three months ?

A. Yes, Your Honour, he was surprised at it, and that is why he came to tell me that he had been to see the Building Society about getting a mortgage on his property in De Brebœuf Street, and on his new property, and told me he was going to borrow the money, but that he had not the courage to ask me for any new advances.

Then I told him not to do so, that I did not wish him to mortgage his property, that whenever I could not help him, I would give him notice of it in a friendly way and there he could find other means. Then, Mr. Langelier went away. Two or three days afterwards he came to my house, I was ill at the time, he brought a note for \$4000 for me to endorse, telling me that he was asking \$3000 for his house on De Brebœuf Street, that he was certain to get it, that when the \$4000 note fell due, he could always pay \$3000 of it, from the sale of his property. I told him that I would not endorse his note as I still wished to help him. I said to him. " I will not go and put my name again in the banks. I am about to withdraw my name from all the banks. As I do not wish it to appear in the banks after my departure from Europe, I wish to settle all my affairs before leaving. I am in a position to help you ; you can pay me back, as well, if you must do so when you have sold your property, as if I had your signature and note."

Q. Did Mr. Langelier ask what you had done to have so much money at your disposal at that moment ?

A. No, Your Honour.

Q. He had not the curiosity to ask if it would inconvenience you to continue to make advances to him ?

A. Yes ; he said it was a delicate matter.

He may have said : you are very rich ? or something like, that some remark which would be natural between two friends in a conversation of this kind ; but nothing so particular was said that I can remember.

Q. You said nothing to make him understand that any transaction had taken place which put you in a position to advance him so considerable an amount ?

A. No ; I always kept it a secret even from Mr. Langelier my most intimate friend, just as I kept this transaction with Mr. Armstrong secret from all other friends ; and I could mention several who have expressed their surprise to me that I could have concealed so important a transaction now that the matter has been revealed.

Q. Are these all the advances made to Mr. Langelier during this period or did you advance to him from other funds ?

A. I touched no other money beyond what is given in my statements, always excepting, I have just said the sum of \$5,000 which was not entered in my book, and I have rendered account with all my cheques.

Q. After concluding this bargain with Mr. Armstrong, you say that you set to work to get Mr. Thom's proposition accepted by the Government?

A. Yes, Your Honour.

Q. You spoke of it to Mr. Langelier, Mr. Duhamel, Mr. Robidoux even to Mr. Garneau?

A. Yes, Your Honour.

Q. Once at least?

A. Yes, Your Honour.

Q. You also wrote to Mr. Garneau?

A. Yes, Your Honour.

Q. During the visit you paid to Mr. Garneau what did you say to him on this subject?

A. The substance of the conversation was as follows: I told Mr. Garneau that I much regretted the slowness of the Government in its negotiations with Mr. Thom that I feared that Mr. Thom would return to Montreal discouraged and give up the negotiations; I said to him: "this would be disastrous; you will find no other company willing to undertake this enterprise, if you lose that of Mr. Cooper." Mr. Garneau answered that he did not dispute what I said, that the only objection which made him hesitate was that it was trifling but a very important matter, one which concerned Mr. Mercier especially as it had to do with an important enterprise in his own county and that he did not see why he should settle this during Mr. Mercier's absence. Thereupon to the best of my recollection, I said to him: "But you know well that you will please Mr. Mercier if you bring about the building of this railway in his county and if you see that the workmen of his county, who have been waiting two years for their wages, are paid. Do not hesitate then, and if you have the least doubt, why not cable to Mr. Mercier to ask him his intention on the subject?" I swear that that is the substance of the conversation I had with Mr. Garneau.

Q. Have you a copy of the letter you wrote to Mr. Garneau on the subject?

A. No, Your Honour.

Q. You never told Mr. Garneau that you had a personal interest in having the affair immediately decided?

A. No, Your Honour, I swear positively that I did not do so and from what I know of Mr. Garneau I am sure that he would have told me at once to leave his house.

Q. Will you explain in what capacity you went to him, as if you represented some one or had some interest in it.

A. I represented myself as a friend of my party, having at heart the interests of the party in the district of Quebec, and that I considered it would be disastrous to us if the railway were not built, that we would be exposed to lose then two counties. If I did use exactly those terms I may have given these reasons to Mr. Garneau; it is my impression that that is what I said to justify my addressing him.

Q. Then you never allowed him to see your personal interest in the transaction?

A. I swear positively that I did not allow him to perceive my personal interest in any way whatever, directly or indirectly.

Q. Mr. Armstrong in his evidence before the Senate declared that you had allowed Mr. Garneau to understand, that you had payments to make, that you were interested in this matter and that it was important for you that it be settled as soon as possible so as to facilitate these payments?

A. No, Your Honour, I never used this language to Mr. Garneau, I never mentioned party obligations to him in any way whatever.

Q. Did you ever tell Mr. Armstrong that or give him to understand something of the kind?

A. I don't think so, your Honour.

Q. Did you give Mr. Webb to understand something of the kind, that you had payments and that this matter must be settled?

A. No, your Honour. I spoke to Mr. Webb of the conversation I either had, or was going to have, with Mr. Garneau. I know that I spoke of it to Mr. Webb. Mr. Webb asked me if the affair was put through, I said: "No, not yet, but it is sure to for Mr. Garneau is not the man to cause so important an undertaking as this to fail" or words to that effect. I may have spoken to Mr. Webb in that sense.

Q. Did you not show Mr. Webb a list or memorandum indicating in figures the amounts you had to pay, saying that you were counting on the result of this matter to enable you to make these payments?

A. Yes, Your Honour.

Q. Then you told Mr. Webb that this was an affair which concerned you personally?

A. Yes, personally, your Honour, I told him the money was for me. I did not show him these statements for the pleasure of the thing, it was because Mr. Webb told me he was disposed to negotiate my paper, my note, to assist me, to discount my cheques, but it was a money question. Then I told him: "In reality you will have no money to disburse, here is a list of my notes; you will take them and pay them yourself when due, they become due at different times, some at one month, some at two months, some at three months, you will pay my notes and put the balance to my credit; and I will sign a paper not to withdraw this balance until you are paid." That is how I came to speak to Mr. Webb of the payments I had to make.

Q. Have you kept that list?

A. No, Your Honour.

Q. Was it the same list that you shewed to Mr. Armstrong?

A. Very possibly, Your Honour. I could easily write that statement again; it is produced; it is the statement I have produced.

Q. That list contained only the notes you had at the Union Bank?

A. No. Your Honour, at the Union Bank, the Banque du Peuple, the Banque Nationale and Mr. Demers the broker, all the notes I had signed or endorsed, all commercial paper with my name either as maker or endorser; and I was determined or receiving this amount to withdraw my signature from all the banks. That is why I made the list which I shewed Mr. Webb.

Q. Did this list contain all the names which appeared on the notes you have produced?

A. Yes, all the notes mentioned in the statement I have produced were on the statement I shewed Mr. Webb.

Q. Are you sure that the list you shewed Mr. Armstrong was the same you had already shewn Mr. Webb? or were there two lists prepared?

A. I only required the list for one purpose which I have just indicated.

Q. For Mr. Webb?

A. For Mr. Webb, to induce him to discount notes for me and attend to my bills then due.

Q. If you had shewn it to Mr. Armstrong it must have been the one already prepared?

A. I think it must have been the same list.

Q. And it has been destroyed?

A. As soon as Mr. Webb stated that he could not carry out the business for me I think it was immediately after that I destroyed it.

Q. Now during these negotiations with the Government to induce it to accept Thom's syndicate, did you meet Mr. Garneau opposite the St. Louis Hotel, in conversation with Mr. Thom and Mr. Armstrong, did you leave your carriage and go to speak privately with Mr. Garneau?

A. I heard of this incident during the examination of the first witnesses. But I cannot do not remember getting out of a carriage. It has been so positively asserted that I got out of a carriage to speak to Mr. Garneau that my certainty has been somewhat shaken, but my own impression is that I did not get out of the carriage but that Mr. Armstrong left the pavement and joined me in the carriage.

Q. Then you did not speak to Mr. Garneau under these circumstances?

A. No. Your Honour.

Q. When the Order in Council accepting Mr. Thom's proposition was passed, you knew of it did you not? and at once?

A. Yes, Your Honour.

Q. Did you at once attend to negotiating the letter of credit which had been signed in consequence of this Order in Council? did Mr. Armstrong or yourself take the first steps for discounting this letter of credit for \$175,000?

A. It was I who did everything connected with discounting the letter of credit.

Q. Was the letter sent to you, or did you commence negotiations without it?

A. No, I never saw the letter of credit, it was never sent to me either by the employees of the Treasury Department, nor the banks, in any way whatever. Mr. Webb, who has been heard here say that he had sent me the letter of credit and had taken a receipt for it at the bank, is in error. I do not doubt his sincerity, I know he would not state what he did not believe, but he is certainly mistaken. I now positively swear that I never saw the letter of credit nor the paper on which it was written.

Q. Then you interested yourself about discounting the letter of credit, only in a general manner as representing Mr. Armstrong ?

A. Yes, in his name.

Q. You first went to the Union Bank ?

A. Yes, Your Honour.

Q. What happened then ? The bank cashier had almost promised to discount it but afterwards wished to divide the responsibility with the Banque Nationale ?

A. Yes, Your Honour. I foresaw an obstacle to the negotiations as regards the Treasury Department. When the Armstrong claim, as well as other claims, were presented, they asserted that there were not sufficient funds in the Treasury to settle it, to wait till later on. That is how I foresaw this objection and told Mr. Armstrong to tell the Government when this objection was spoken of to him, that he was not anxious to have money but would accept letters of credit which he could readily negotiate. On that account I took steps at the bank to have the letters of credit discounted.

Q. With whom did you take these steps, alone or with Mr. Armstrong.

A. I was alone. It was particularly with Mr. Webb that I...

Q. Did you not go to the Banque Nationale with Mr. Chs. Langelier to discount \$75,000 ?

A. No, Your Honour. This is another..... If Your Honour will permit me I will tell you exactly how the affair took place, because I know it has been asserted here that I went with Mr. Chs. Langelier. I went with Mr. Webb to the Banque Nationale to ask if the latter would discount the letter for \$100,000 as it had already agreed to discount the letter for \$75,000. As well as I remember we spoke to Mr. Lafrance, and he sent for Mr. Gaboury, the president. We repeated our request and discussed conditions, how the matter was to be done, whether by means of a transfer which the Union Bank would make to the Banque Nationale or if that bank would endorse the letter of credit for \$100,000 addressed to the Union Bank, or whether it would be better to ask for a new letter of credit to the order of the Banque Nationale, to replace that to the order of the Union Bank. The officials of the Union Bank requested Mr. Webb and myself to return at 5 p. m. for an answer. We left. In the afternoon according to his daily habit, Mr. Chs. Langelier came for me after office hours, to go for a walk together or go to the club, because I must remark, almost every day, if he did not come for me I called for him to go out after our office hours. I told him I could go out with him if he would accompany me to the Banque Nationale, where I was to get an answer to a proposal I had made, with Mr. Webb. He agreed: we entered the bank, he remaining in the passage. On opening the door, Mr. Lafrance whose chair faces it, saw Mr. Langelier, at once reopened the door which I had closed, and asked Mr. Langelier to come in and sit down. He entered and there before him, I assert that I discussed again the \$100,000 matter, and the question of discounting the letter of credit which the bank officials said they could not do. I talked it over a little to induce them to alter this decision if they would not. In this case I told the bank that I asked for the discount in Mr. Armstrong's name who was very anxious to get his money.

Q. This was after Mr. Webb's refusal to discount the \$100,000 letter of credit after you to understand that he would?

A. Yes.

Q. Do you remember why he refused after having promised to do so?

A. Mr. Webb gave me to understand that the bank was willing, but had been prevented by its lawyers not to do so.

Q. He gave you no other reason?

A. No.

Q. He did not say that after what you had told him he considered the transaction irregular?

A. Oh no, Your Honour, he never said there was anything wrong in the transaction because he took part in it himself. Mr. Webb arranged the whole business... went to the banks for letters of credit; he held my cheques; he helped me in getting them discounted at the banks. I never understood that Mr. Webb found anything dishonourable...

Q. Not dishonourable but irregular?

Q. Or even irregular in the transaction.

Q. He himself has said that his board found "it was not a regular transaction" because the board thought so after the explanations you gave that part of the money was to be paid to you. The board considered that was not a legitimate application of the letter of credit.

A. Mr. Webb said that this is what his lawyers asserted. The bank lawyers said that the money was for me, considered that, as the amount payable to Mr. Arnould was to be paid to me, that knowing this they could not well agree to the transaction.

Q. They refused the discount for that reason?

A. Yes after that he came with me to try and get it discounted at the Banque Nationale.

Q. After these two refusals of the Union Bank and the Banque Nationale to discount the \$100,000 letter of credit, did you try anywhere else?

A. I think I did.

Q. Where?

A. I think at the Caisse d'Economie Notre-Dame.

Q. They also refused?

A. Yes, Your Honour.

Q. Did you try elsewhere?

A. No, Your Honour.

Q. After having tried the Caisse d'Economie, you left the letter of credit at the Union Bank for collection?

A. Yes, Your Honour.

Q. After this letter had been left for collection at the Union Bank, you tried to get the cheques drawn on this letter discounted?

A. Yes, Your Honour.

Q. You succeeded in getting discounted one at the Banque Nationale and the other at the Banque du Peuple?

A. Yes.

Q. On notes endorsed by Mr. Vallière?

A. Yes.

Q. You tried to get the third cheque discounted in Montreal?

A. Yes.

Q. At the Banque du Peuple?

A. Yes.

Q. They refused?

A. Yes.

Q. With whom did you go in Montreal (to the Banque du Peuple) to get the cheque discounted, alone or with some one?

A. I went to see Mr. Bousquet, cashier of the bank, whom I met here at their branch office here, and I explained the transaction to him and he thought his board would discount it. He induced me to accompany him to Montreal; we left by boat; I went to the bank in the course of the day with Mr. Armstrong.

Q. You were with Mr. Armstrong?

A. Yes, I was not with Mr. Armstrong from Quebec to Montreal.

Q. You went with him to get an answer?

A. Yes, I went with him for the answer.

Q. No one else was with you?

A. No, I was alone with Mr. Armstrong.

Q. You did not try to get the cheque discounted anywhere else in Montreal?

A. Yes.

Q. At what place?

A. Not I myself. I did not try elsewhere.

Q. Who tried to get it discounted? Mr. Armstrong?

A. No, Your Honour.

Q. Do you object to state who it was?

A. Well, I have no objection if the Commission wish it. I am bringing in the name of some one who only did me a favor.

Q. Is it some one from whom you asked?.....

A. One who simply asked me what had brought me to Montreal. I told him that I had come to negotiate my note endorsed by Mr. Vallière and guaranteed by a cheque of Mr. Angelier as commissioner, endorsed by Mr. Armstrong, that Mr. Armstrong was very anxious to get his money, that he had been paid by a letter instead of money. This person said: "I know the Montreal bankers better than you do, give me the papers and I will do my best to get them discounted." He did not succeed and returned them to me.

Q. Then you had a third note endorsed by Mr. Vallière?

A. Yes.

Q. For the same sum?

A. Yes. I expected to repeat the same transaction at the Banque du Peuple, Montreal, here at the Banque du Peuple and Banque Nationale.

Q. I must ask you the name of this person?

A. The Hon. Mr. Robidoux. After receiving the refusal of the Banque du Peuple, I went with Mr. Armstrong to the Government Office and then to Mr. Robidoux' house. Mr.

Armstrong stayed in the carriage and I went in. Mr. Robidoux was ill, I went simply to call upon him and in the course of conversation, he asked me what brought me to Montreal, if I had come to Montreal on business. Then I told him all I have just said, about how I had met Mr. Bousquet in Quebec and that he had told me he had every reason to believe that his head office would do this business; that I came thinking to succeed and that Mr. Bousquet answered that his board was not willing. Then I said Mr. Armstrong was somewhat discouraged, that he was with me at the door, that he had counted on the money. Thereupon he said: "I know the cashier of the Banque Nationale, he is one of my personal friends, give me those papers, I will see if I can negotiate them." I left the papers with him, and on his return from Montreal, his first visit in Quebec, he returned me the document saying that he had not succeeded with them.

Q. What papers did you leave with him?

A. My note endorsed by Mr. Valliere, with the letter from Mr. Webb to Mr. Bousquet, and also one of the cheques signed by Mr. J. C. Langelier, commissioner, endorsed by Mr. Armstrong, the same documents already produced at the other banks. It was the same business.

Q. Did you explain to Mr. Robidoux how you came to have Mr. Langelier's cheque?

A. Yes, I told him it was for Mr. Armstrong. That Mr. Armstrong had accompanied me to the bank, that he was at the door, that he was anxious to have the proceeds of the discount, and that I had not been able to succeed; that I would not try anywhere else but would return to Quebec.

Q. You left the documents with Mr. Robidoux and returned to Quebec?

A. Yes.

Q. He did not give you back these papers till he himself returned to Quebec?

A. Yes.

Q. Was it long afterwards? Several days? Till Mr. Robidoux gave you back the papers?

A. The first time he was here.

Q. Do you remember whether it was a week, or 2 days or 3 days after?

A. I am not sure. It must have been... Mr. Robidoux was not away for very long at that time. It cannot have been more than a week. Perhaps 3 or 4 days. I cannot be certain.

Q. In any case, he did not return the papers by letter. He gave them to you personally?

A. Yes, personally.

Q. What did you do then with this third note endorsed by Mr. Vallière?

A. I kept it for some time and then sent it to Mr. Webb.

Q. Was it discounted later on at the Union Bank?

A. No. I did not try to negotiate it elsewhere.

Q. Was it sent to Mr. Valliere or destroyed?

A. Yes, Your Honour.

Q. Did you try elsewhere to discount this third note before it was destroyed?

A. No, Your Honour.

Q. Do you know if Mr. Robidoux went to others besides the Banque Nationale in Montreal?

A. I do not know. He only said he did not succeed in getting it discounted.

Q. Was not Mr. Langelier in Montreal during that period, for the negotiation of this third note?

A. I do not remember. It is possible that he may have come, we went as far as possible together when going to Montreal. I was certainly not with Mr. Chs. Langelier during that operation in my endeavours to get the note discounted, I was alone with Mr. Armstrong in the carriage, I am sure of that.

Q. Are you sure that you did not meet Mr. Chs. Langelier concerning the negotiation of this third note in Montreal?

A. Concerning the negotiation, I am quite positive.

Q. You went nowhere with him to negotiate this third note?

A. Nowhere, Your Honour.

Q. According to the statements you have produced you had expended out of the 100,000; you expended in the purchase of your house, including the sum of \$1,000 to the architect; about \$9,176? Did you not? I see a small account paid to Notary Sirois, of \$3, and \$183, then \$1,000 to the architect, and \$8,000 more in payment for the house: it is almost \$9,000 and a few hundred dollars?

A. In all, I have paid much more than that. But it was—it is since my return.

Q. I find only these different sums?

A. Yes, in the statements. That is the amount for that time, as I have it in the statements.

Q. There are several sums. I find also 3 items concerning the McGreevy affair. There is an item of \$500 paid to Mr. Geoffrion, item 86-11; an item of \$400 for a note of Mr. Tarte's, item 88-16; an item of \$1,000 to pay a note of Mr. Tarte and Mr. Ch. Langelier, item 88-10. This makes \$1,900. Is that so? Now besides that you paid two notes of Mr. Carrier's for \$400 each, items No. 86-13 and 88-5? You twice paid \$500 to Mr. Vallière, items 86-2 and 88-25? If Mr. Vallière's third note had been discounted, would you have paid him a sum of \$500 besides?

A. Yes.

Q. As much as that?

A. Yes.

Q. You have also paid \$2,000 to Mr. Armstrong?

A. Yes, Your Honour.

Q. \$150 to Mr. Carroll?

A. Yes, Your Honour.

Q. And \$150 to Mr. Deschênes?

A. Yes, Your Honour.

Q. As to money required for elections, for election services, apart from large amounts, were there not numbers of small items not detailed in your statement?

A. Yes, Your Honour, particularly, in rendering account of a cheque for \$7,000 or \$8,000. I do not know which, I put "election expenses \$1,000" and I placed in parenthesis "Godreau."

I do not think that Godreau's account could have been more than \$800. I put Godreau—that is not for the whole sum, I did not pay \$1,000 to Godreau. I had no account of it, I took no receipt, it was an election account, I gave him the money for it.

Q. Besides this item of \$1,000 to Godreau, there is \$1,000 paid to Senator Pelletier, item 88-32; I see also an item of \$1,000 paid to Mr. Demers, of the *Evenement*, for printing pamphlets to be distributed for the elections?

A. Yes, Your Honour, item 88-7.

Q. Is this Mr. Demers whom I have just mentioned the same to whom you lent money at another time?

A. Yes, Your Honour.

Q. The very same?

A. Yes, Your Honour.

Q. There are also minor election expenses, I suppose, a sum of \$2,000 paid for the Montmorency election?

A. Yes, Your Honour. I ought to say, concerning this \$2,000 note signed by Mr. Langelier and endorsed by Mr. Tarte, which I paid, that I do not know whether I gave a special explanation of it when I first mentioned it; it was the proceeds of a note placed to my credit in the bank which I had discounted. I used that myself for the Montmorency election.

Q. When the note was due you paid it yourself?

A. Yes, Your Honour.

Q. I suppose a sum of \$500 paid to Mr. Geoffrion for contesting the L'Assomption election, must be classed among election expenses?

A. Yes, I think it was L'Assomption and Vaudreuil. I do not remember.

Q. There was the \$230 paid to Mr. Desmarais besides, I suppose?

A. Yes, Your Honour.

Q. I only see besides these, as election expenses, \$25 paid to Joseph Martin, item 88-130 paid to Mr. Choquette, but afterwards repaid by him?

A. Oh no, the \$130 of Mr. Choquette was a deposit in a suit; he was at Ottawa, in a favor he asked of me.

Q. Not an election expense?

A. No.

Q. The election expenses amount to about \$5,775?

A. Yes, Your Honour, if.....

Q. Will you give us a detailed list of the sums you have expended in contesting elections, giving the dates on which these deposits were made?

A. I do not quite understand Your Honour.

Q. Will you give us a list, in detail, of the amounts you have deposited for contesting elections, mentioning the date when each deposit was made? I think you said on Saturday that there were 11 contestations of elections, and you have added that of La Prairie.

A. Yes; 11 deposits in my name and the other in Mr. Beausoleil's. I do not know in what case the transfer was made to me by Mr. Beausoleil some days afterwards.

Q. In each case it was a deposit of \$1,100?

A. No, the deposit was \$1000. But in almost every case I added \$100 for disbursements.

Q. That make \$1100 in almost every case ?

A. Yes.

Q. That makes a total of \$13.200 ?

A. Yes, Your Honour.

Q. Could you give the date of these deposits ?

A. Yes, Your Honour. I should be obliged to apply to the clerks of the different courts to obtain.....

Q. You have kept no memorandum of the time when you made these deposits ?

A. No, I think not.

Q. They were not made by cheque ?

A. Perhaps that might have been the way..... I should find out from my cheques the date when I made these deposits.

Q. They were made. I suppose, before your transaction with Armstrong ?

A. Yes.

Q. This was also the proceeds of the discount of those notes you mentioned this morning ?

A. Yes, after the 5th of March.

Q. That is the three notes, two for \$5000 and one for \$3000 ?

A. Yes, Your Honour.

Q. That sum of \$7500 which you drew on July 2nd was it by cheque or in money ?

A. A cheque.

Q. On what bank, if you please ?

A. The Bank of Montreal.

Q. Can you tell us where this cheque came from ?

A. I shall ask the Commission..... I do not think I am obliged to answer... of course if the Commission demands it..... but I never understood that I should be called upon by the Commission to render account of transactions quite foreign to the one in question. I have shewn sufficient readiness to give every information in my power about the \$100.000 I swear positively that this matter has nothing to do with it and I am ready to tell Your Honours in private and to prove that this is the truth

Q. Was this your own money ?

A. It was my own money in quite a personal matter. I can enable Your Honours very easily to judge of it after the adjournment.

The Commission excused the witness from replying.

Q. After having sent this draft for \$5,000, or about that time, you made a note on one Mr. Mercier's blank forms to deposit at the Union Bank ?

A. Yes, it was my property, I looked upon it as a discount.

Q. So as to represent the amount you sent by this draft ?

A. Yes.

Q. Did you take the money from funds in your hands and afterwards reimburse yourself by the discount of this note ?

A. Yes. The same as I did with Mr. Demers' note for \$3,000. I had the commercial value. I did not discount it. I gave the \$3,000 and kept the equivalent of the discount, I charged the interest.

Q. Do you remember when it fell due ?

A. The 3rd or 6th October.

Q. Of the current month ?

A. Yes, Your Honour.

Q. Was it paid when due ?

A. Yes, Your Honour.

Q. Was it paid by you or Mr. Mercier ?

A. By Mr. Mercier. That is Mr. Mercier would not recognize the extra \$1,000. The note was for \$6,000. He insisted on my paying the \$1,000 and he furnished the balance for the cashier told me personally that the note had been paid.

Q. Will you explain why you made the note for \$6,000 ; \$5,000 was the sum required

A. Because I had \$1000 more to pay at that time. I do not know if this does not correspond with a draft I had of Mr. Geoffrion at that time ; I said to Mr. Langelier : " I have an extra payment to make, which I cannot do, I will put this on the \$6000 draft and I shall try to get Mr. Mercier to pay it. I added the \$1000, when the note came due, Mr. Mercier said he did not recognize this addition of \$1000. I paid it and he paid the difference.

Q. Then you used \$5000, the proceeds of this note, to reimburse yourself for the draft you had sent to Mr. Mercier, and the \$1000 balance to pay Mr. Geoffrion's draft ?

A. Yes, Mr. Geoffrion's draft was not for \$1000 but \$500, but there were others and there was the discount and interest on the \$6000. I think it was on that account I made the note for \$6000, to provide the sum of \$500 I had to pay Mr. Geoffrion, the discount of the \$6000 note, perhaps some other sum that I do not recollect ; but that is why I made the note for \$6000.

Q. You had at the time a balance which had to go to Mr. Mercier, in spite of everything ? Mr. Mercier had left you a cheque for \$5000, another of \$3500, and you sent him a sum of \$5000 ?

A. Yes.

Q. There remained a sum of \$3500 less the several expenses of which you have rendered account ?

A. Yes.

Q. You had left still \$1700 coming from Mr. Mercier ?

A. Yes.

Q. You needed a balance of \$3000 to complete the \$5000 he asked ?

A. Yes.

Q. This was in your general account ; did you always keep the balance in his favor ?

A. Yes. But when the \$5,000 draft was to be sent him, I did not calculate what I might have in hand as balance from the other account. It was the last note, the last blank form which was left. I used it for the sum he requested, leaving myself free to use the balance I owed him for the objects for which he left it with me; accounts might come in that I did not foresee at that time. I did not know, it was Mr. Mercier's private affair, I followed his instructions.

Q. You did not wish at any rate to be left without funds.

A. No.

Q. You wanted to have enough to meet any claim?

A. Yes, exactly.

Q. When you had had the notes for election expenses signed and discounted, you intended to get political subscriptions to cover these notes?

A. Yes.

Q. Did you start these subscriptions afterwards?

A. No, because I had other money to pay them. I had some subscriptions, but I did not push them as I had other money to pay the notes.

Q. Money from the \$100,000?

A. Yes.

Q. Which went to pay this?

A. Yes, your Honour.

By Hon. Mr. Justice Baby :—

Q. Practically, you must have paid all the contestations and expenses of elections?

A. But I wish to reimburse myself from the deposits. The deposits are in my name and I intend to withdraw them to repay myself for my disbursements.

Q. In cases where the contestations were maintained, were your \$1,000 paid back to you?

A. Yes.

Q. It was your own money?

A. Yes, Your Honour.

Hon. Mr. Justice Jetté :—

We have no other questions to ask you at present.

By Mr. Casgrain :—

Q. You said, I think, that you had charge of the general organization of elections for a certain district of the Province of Quebec, extending from Berthier to Chicoutimi?

A. Yes.

Q. Exclusively or inclusively?

A. As far as Chicoutimi inclusively.

Q. And on the other side?

A. From Gaspé to the Eastern Townships inclusively.

Q. The five notes of which you have spoken, four for \$5,000, and one for \$3,000; were they all signed and endorsed at the same time?

A. No.

Q. Will you look at, see and add the other note not in this bundle of papers and tell me the difference between those signed at the same time and those signed afterwards or before?

A. The note of February 28th, No. 88-1 for \$5,000 was signed on the date of the note i. e. February 28th?

Q. And endorsed on the same date?

A. Endorsed on the same date, as well as I can remember, all the other notes although they bear different dates, were signed and endorsed at the same occasion.

Q. All the others? the four others?

A. All the four others in so far as Mr. Mercier was concerned. The blank forms which Mr. Mercier left in Senator Pelletier's hands were only signed and endorsed afterwards when they were discounted.

Q. Then you say that these these notes here being Exhibits 86-1, 89-9, and 89-3 were all signed and endorsed at the same time?

A. Excuse me—(the witness examines the notes),—this note, No 86-1. is a note Mr. Mercier left with Senator Pelletier before his departure. This note was signed and endorsed only on the day it was discounted. This note was signed by me and endorsed by others, on the day it was discounted?

Q. Were the three others, item 89-3 and item 89-9, and item 89-5, signed and endorsed the same day and on the same occasion?

A. On the same occasion.

Q. Then there is no difference between the three notes of which you have just spoken, and the note 86-1?

A. Yes, 86-1 is a note, a blank, signed by Mr. Mercier and left in Senator Pelletier's hands.

Q. The other three were not left with Senator Pelletier?

A. No, these three were signed and endorsed on the same occasion.

Q. Now, these notes were left in Senator Pelletier's hands?

A. One of the notes.

Q. One only?

A. The one I have just mentioned.

Q. No others?

A. There had been others, there were three blanks.

Q. Where are they?

A. I have that one, that of the \$6,000 note which I filled in as explained when Mr. Mercier asked me to obtain it from Senator Pelletier. That makes two. The third must have been paid and does not appear in that statement as it was paid previously.

Q. For what sum was the other?

A. I do not think I need give account of notes which do not enter into this matter.

Q. I do not know. It is one of the notes in question.

A. In any case I submit.

Hon. Mr. Irvine objected to this evidence.

Q. I told Mr. Casgrain that Mr. Mercier had left three blank notes in Senator Pelletier's hands. He shows me all the notes that have been produced and says : " there is only one of those blank form's left by Mr. Mercier, that you notice ; where are the others ? " The other is represented by the \$6,000 note of which I have spoken which I filled in at Mr. Mercier's request. As to the third it did not enter into this matter at all probably because it was paid previously ; it does not enter into the statement of accounts.

By Hon. Mr. Justice Jetté :—

Q. Do you know this ?

A. I know there were other notes besides those produced which we had signed and I have paid ; I have not entered them because it was previous to this.

I began the account from May 5th from the day I began to receive money in the Baie des Chaleurs affair. These notes became due and were paid before and I do not think I am bound to give account of them to the Commission.

By Hon. Mr. Justice Jetté :—

Q. How many blank forms did Mr. Mercier leave ?

A. Three, Your Honour.

Q. How many of these blank forms were used for the notes you have mentioned ?

A. The three were used. Two were used for the same purpose, political affairs. The third to fill in for the \$6,000 as I have explained to Your Honours.

Q. To repay you for the \$5,000 draft you sent ?

A. Yes.

A. There were three blank forms left by Mr. Mercier, one of April 15th, at the Union Bank, for \$5,000. This note was paid by the same bank on May 9th.

Q. You have not this note ?

A. My impression is that I paid this note by a cheque. Annexed to the note was a cheque for \$5,000 as collateral security, but this note was not produced as it was not paid out of the \$100,000. I think it was a note of the 15th April, at the Union Bank, for \$5,000, paid at the same bank, on the 9th May.

Hon. Mr. Irvine :—

I object to that question because I don't think it is within the province of the Commission to enquire into that.

Mr. Bédouin :—

The \$100,000 were deposited in three banks, a portion was transferred from one bank to another, but the first portion was entered the 6th May, and from this date I understand that the statements produced by Mr. Pacaud account for the \$100,000 in all his transactions. It is well to remark, what I have just mentioned, (I speak subject to correction), but I am thoroughly convinced from the examination I have made of the accounts, the transactions with the Banque du Peuple were commenced on the 6th May. A cheque for \$20,000 was discounted on the 6th May at the Banque du Peuple. This account at the Banque du Peuple began from the 6th May, goes on till to-day. He accounts therefore for all

this portion of the \$100,000, not only the proceeds of the original cheque, but other amounts transferred to other banks, he accounts for all that portion of the \$100,000 which passed through the Banque du Peuple. At a subsequent period, the balance of the \$100,000 was placed to his credit at the Union Bank. On the 10th July the balance of the \$100,000 was placed to his credit at the Union Bank. He begins from this date and accounts for the use he made of the amount. Then it seems to mathematically result from the accounts produced, that he renders account of the \$100,000 in question ; then he produces the vouchers showing the application of these \$100,000 as well as of all other monies which, arising during the interval from other sources, came into the same account, as well as the discounts made ; he discounted notes at this time at different banks and he also accounts for the proceeds of these discounts.

Mr. Casgrain :—

On the 28th April, Mr. Pacaud had in his possession the \$100,000. He had cheque for that amount.

Mr. Bétique :—

But they had not been discounted.

Mr. Casgrain :—

That was nothing. Mr. Pacaud has mixed all this money together, that of Mr. Mercier, that of Mr. Langelier and his own. Now that we are cross examining him, we have the right to make him define more precisely the statements he made when examined by Your Honours.

Hon. Mr. Justice Davidson :—

It may be possible to complete the explanation, Mr. Irvine, but at first sight this strikes me : Mr. Pacaud in his account has charged against the \$100,000, \$23,000 of notes which he paid. It appears to me he duplicates a number of these charges by again entering as charges on his account the expenditure for these very sums of money which he previously received by the discount of the notes.

Hon. Mr. Irvine :—

I do not see how that applies, may it please Your Honour.

Hon. Mr. Justice Davidson :—

I will give you one, which is perhaps a special instance. He discounted certain notes to make deposits and received the money, and the amount of these notes is charged to his account. He proceeds to again charge \$1,000 which appears for the petition in the Chicoutimi election. Would that not be a duplication ?

Hon. Mr. Irvine :—

I do not think it would unless he paid for the Chicoutimi election out of the first fund. But the point now is not what he did with money before he got the \$100,000 but what he

d with the \$100,000. If he gives an account of that \$100,000, whether it was to pay a note, the proceeds of which he had before or to pay any other note, that certainly disposes of the matter.

Hon. Mr. Justice Davidson :—

If he stops there. The first charge is charged against the proceeds, and then he charges what he did with this note.

Hon. Mr. Irvine :—

It is really not so ; but it is not convenient to discuss it now.

Mr. Bétque :—

I would draw your attention to this fact. There may be a double application, as Your Honour maintains, if he did not charge himself in his account as rendered with the proceeds of the discount of these notes ; but he accounts but only for the \$100,000 but for the proceeds of these notes as well ; and he files the accounts with the vouchers, and the whole thing balances the account not only for the \$100,000 but for any other discount or moneys that went through the bank.

Hon. Mr. Justice Davidson :—

That would be quite proper as a mere matter of accounting ; but it is more than that : it is a matter of double charging. I may be mistaken, but that is my impression, and it will have to be removed from my mind.

Hon. Mr. Irvine :—

If this discussion is to go on, I suggest that it be postponed till after two o'clock till I will have an opportunity of looking into the accounts.

Mr. Casgrain :—

I would not like my cross-examination to be interrupted in this way much further. I understand that I am now cross-examining the witness ; and of course if the question which I put, which seems to be a pretty hard one for the witness to answer, is put off until two o'clock, then there will be no object in my cross-examining.

Hon. Mr. Justice Baby :—

In what way ?

Hon. Mr. Justice Jetté :—

This is a question of figures which we have to examine. It will be easy to verify whether there was double charging or not. In the meantime we reserve the question till two o'clock.

By Mr. Casgrain :—

Q. You said that Mr. Mercier left three blank forms before going away ?

A. Yes.

Q. That was all ?

A. Yes, Sir.

Q. There were no others ?

A. None.

Q. Mr. Mercier left on the 11th March ?

A. He left New-York on the 13th March.

Q. When did he leave Quebec ?

A. On the 10th.

Q. The 10th of March ?

Q. To the best of my recollection.

Q. How did it happen then he had put his name upon notes which as you have were signed and endorsed on the same day as this date, the 1st April.

A. All these notes were made by me on certain dates, not the date of the day on which we signed the notes but certain dates when I should require them. I signed them and them endorsed by Mr. Mercier, Mr. Tarte and the Messrs Langelier ; but they were all signed the same day, but they do not bear the date of the day on which they were signed.

Q. You said, if I understood it right, that the notes in question were signed and endorsed on the day whose date they bear ?

A. Excuse me, I said they were signed the same day and under the same circumstances but the notes were paid on the dates which suited us ; although we signed these notes the 8th or 9th March some were dated April 1st and others April 15th.

Q. How could you tell at the time you made it that this note would be signed the 1st of March, note 89-5 ?

A. I have every reason to believe that the note was signed the morning of Mr. Mercier's departure.

Q. It was endorsed March 10th, there was no doubt about that ?

A. Yes, I think it was endorsed by Mr. Mercier on the 10th.

Q. How did you know that notes 89-3 and 89-9 would be dated April 1st, when they had been previously endorsed by Mr. Mercier ?

A. To the best of my recollection I put April 1st on those notes in order to meet notes which would fall due on that date.

Q. What date ?

A. I do not remember in the least, but I made these notes with a corresponding date to those I had to meet.

Q. You have accounted with so much precision and detail for what you did that it seems to me you could say either by reference to your accounts or otherwise what notes the two I have just mentioned were to meet ?

Hon. Mr. Irvine :—

It is quite evident this is outside the Baie des Chaleurs matter. The witness says that those blank notes were left in order to assist him in financing and to renew other notes and they were applied for that purpose ; and these notes must have been all dated before these transactions commenced.

Hon. Mr. Justice Jetté :—

I believe the question is a regular one. Mr. Casgrain wants to know if these are renewals and to what previous notes they apply or if they were original notes. I believe that if Mr. Pacaud will consult his evidence he will see that he has already answered one of those notes.

The Witness :—

If the court will allow me to look among my papers. This is a long time since, I did not expect to have to bring any of these notes previous to the Baie des Chaleurs affair, but if Mr. Casgrain wishes to prove that it was to pay certain notes I can bring all the notes I have which are previous to this transaction, but I cannot answer from memory in this way and specify the notes.

By Mr. Casgrain :—

Q. Then you cannot tell me now whether the two notes I mentioned 89-3 and 89-9 were notes expressly endorsed to make election deposits ?

A. Out of the number of notes I cannot specify whether one more than another was to be used in meeting one of the notes given before the 5th March or for deposits for contestations of elections.

Q. Now will you point out in the statements you have produced where the \$13,200 are mentioned which you deposited for contestations of elections.

A. There was only one deposit subsequent to the Baie des Chaleurs affair. That was the deposit on the counter-petition of Sir Adolphe Caron at Chicoutimi. I do not mention the other deposits because they were previous to the Baie des Chaleurs affair and do not enter into my statement of accounts.

Q. When did the elections take place ?

A. The 5th of March.

Q. When did you make the deposit in the district of Quebec.

A. I cannot say precisely.

Q. Is it not true that all these deposits were made between the 20th and 23rd April ?

A. I cannot say precisely without referring to my books. I know it was before the Baie des Chaleurs matter.

Q. You are sure of that ?

A. Yes, apart from the deposit I made for the Chicoutimi counter-petition.

Q. Then if I understand aright, you re-imbursed yourself, for these deposits with the Baie des Chaleurs money ?

A. No. I was repaid by having the deposits in my name, so that they belonged to me, and I could draw them.

Q. If the contestations were maintained ?

A. Yes.

Mr. Casgrain :—

Can I ask witness the question which was reserved before the adjournment ?

Hon. Mr. Justice Jetté :—

We think that it would be better for Mr. Pacaud to first give us communication of the note with reference to which you put that question. Please go on with the examination on other points and between now and to-morrow morning we will procure the note and give our opinion.

By Mr. Casgrain :—

Q. When you gave Mr. Robidoux Mr. Vallières note, or your note endorsed, by Mr. Vallière, to be discounted in Montreal, was this note accompanied with a letter of Mr. Webb to Mr. Bousquet, and also with a cheque of Mr. J. C. Langelier for \$20.000 ?

A. To the best of my recollection, I gave to Mr. Robidoux these documents which I had previously offered to the Banque du Peuple.

Q. Now will you listen to this letter which has been already produced as **Exhibit No. 3** and tell me if it is the letter which accompanied the note in question ?

UNION BANK OF CANADA. .

QUEBEC, May 16th, 1891.

J. S. BOSQUET, Esq.,
Cashier.

Dear Sir,

This is to advise you that we will pay the cheque of John Chrysostome Langelier, Commissioner, No. 5, for twenty thousand dollars (\$20.000) drawn on this bank in favor of N. Armstrong, if the amount mentioned in Mr. Garneau's letter, as acting Provincial Treasurer and acting Prime Minister, of the 28th of April, 1891, maturing 10th of July, 1891, paid on or before that date by the Government and placed to the credit of the said J. C. Langelier, Commissioner, with this bank.

Yours truly,

(Signed) E. E. WEBB,

Cashier.

A. Yes, I have reason to think that to be the same letter.

Q. The note in question was signed by you and endorsed by Mr. Vallière ?

A. Yes, Sir.

Q. Where is this note, now ?

A. I destroyed it a few days afterwards, as soon as it was no longer of any use to me. I think I did so before Mr. Vallière in my office.

Q. Who had endorsed this note ?

A. Only Mr. Vallière.

Q. You are sure ?

A. Oh yes.

Q. You are certain there was no other ?

A. I am positive of it.

Q. You are positive ?

A. Certainly. My note was to Mr. Vallière's order and endorsed by Mr. Vallière and no one else.

Q. Now I wish you would specify as nearly as possible the date upon which Mr. Robidoux gave you back these documents ?

A. I cannot say exactly, it was a few days after having given him the note, but I do not remember exactly when.

Q. Do you know if this note was taken to be discounted to a man named Napoléon Lefebvre, in Montreal ?

A. I know nothing of it.

Q. It was not taken by you ?

A. Oh no.

Q. If it were taken there by any one, at any rate, it was not by you ?

A. No sir. I do not know Mr. Lefebvre.

Q. Now, Mr. Pacaud, when you made all the notes in question of which you have already spoken, I wish you would tell me how you expected to meet so considerable a sum ?

A. I hoped to do so by means of subscriptions among my friends.

Q. By subscriptions among your friends.

A. Yes.

Q. As you had done under other circumstances ?

A. Yes.

Q. But you remark that the greater number of these notes were made and endorsed after the elections ?

A. Yes, some before, others after.

Q. Comparatively few before ?

A. One is produced.

Q. Well, I should like you to tell me from whom you hoped to get these sums ?

A. I do not think the Commission can go so far as to ask me from what members of my party I received money.

Mr. Casgrain :—

The reason why I ask the question if may it please Your Honours, is because I want to know as far as possible whether the statements Mr. Pacaud made when examined by Your Honours, are exact.

Mr. Bédoulet :—

There are many persons mentioned by Mr. Pacaud who could either contradict or confirm what he said.

Hon. Mr. Justice Jetté :—

The question is too general.

By Mr. Casgrain :—

Q. What is the total amount of the notes you had signed and endorsed or had endorsed ?

A. I do not think I am obliged to give an account of my transactions.

Hon. Mr. Justice Jetté :—

Q. Speak of those you have mentioned ; what was the sum of those you have mentioned ?

A. I think the sum I mentioned is about \$23,000.

Q. Senator Pelletier was simply nominated as trustee of the moneys for the contestations of elections?

A. He was the depositary of the bond signed by the friends who held themselves responsible for the sum opposite their names; notes were made by either Mr. Pelletier, Mr. François Langeller or others; these notes were discounted on the guarantee of this bond signed by all the other friends, and when the contestations were settled one way or the other, the deposits were withdrawn and applied to paying the notes, and then those who had signed the bond were no longer liable.

Q. I see in your account a great number of disbursements, disbursements for the revision of electoral lists, costs for contestation of elections, electioneering expenses, for the papers of your political party, for your own paper, &c., &c.; well I should like to know since then, to the knowledge of your party in general, you have been distributing political funds this way?

Hon. Mr. Irvine:—

I don't think we are here to try the political experiences of any particular party. My learned friend seems to be so anxious about this matter that it looks as if he wants to acquire this particular knowledge so as to be benefitted by it hereafter in his own experience, but that is not the object of this Commission, and I submit to Your Honours that we do not go into it.

Mr. Casgrain:—

We'll, if such be the line of argument which Mr. Irvine wishes to pursue, I shall have to ask to do something which is neither agreeable to me nor to the Commission either. I am obliged to ask that Mr. Pacaud withdraw while I argue the point.

(The witness here under the direction of the Commission withdraws.)

Mr. Casgrain:—

Now I may be right or I may be wrong, but the reason that I am asking this is that what we intend to try and prove, and what our instructions lead us to suppose we can prove, is that this is a conspiracy from the very beginning, and that all those who have meddled in it,—Mr. Mercier, Mr. Robidoux, Mr. Langelier and possibly Mr. Garneau and of course Mr. Pacaud, knew very well that from the time these hundred thousand dollars were loaned to Mr. Pacaud this money would be given to him, and then that whatever was requisite in the way of making notes,—election notes or deposits for elections—would come out of this common fund, and that all these expenses which we have mentioned,—when any money was required for election purposes, to revise the lists or for anything of that kind, it was known at the time that this money was to come out of the \$100,000. Now I think it that if I establish that on other occasions this same thing was done, that amounts to saying that the money has been placed in the hands of Mr. Pacaud and that for a number of years he has been the depositary of this money, and that also for a number of years he had distributed it in

Q. You destroyed all the letters Mr. Mercier wrote you except that one in which he undertook to repay you the sum you sent him ?

A. Yes. I published one of them in my newspaper, one or two, I do not remember.

Q. You have answered the first part of my question, but I want to know when Mr. Mercier asked you for this money ?

A. It must have been in the beginning of May.

Q. In the beginning of May ?

A. I think so but am not sure ; it must have been early in May.

Q. Is that the date of the letter or the date of the receipt or the date of the cablegram you received ?

A. No it was by letter I think.

Q. Would you be surprised to learn that it was by cablegram ?

A. Yes, I should be very much surprised and I would be astonished to think my memo-
has failed to that extent.

Q. Now when did Mr. Mercier arrive from Europe ?

A. On the 18th July.

Q. When did you leave for Europe ?

A. The 10th August.

Q. You left Quebec the 10th August ?

A. The 10th August.

Q. And you left New-York ?

A. On the 15th.

Q. A Saturday ?

A. Yes.

Q. Now I would like you do tell me where Mr. Mercier gave you the cheque on the Caisse d'Economie for \$5000 ?

A. At his residence.

Q. Here in Quebec.

A. Yes.

Q. Which was shut up while he was in Europe ?

A. I think so I did not go there. I do not know.

Q. It was the 2nd March.

A. Yes.

Q. Two days before the polling day for the general federal elections ?

A. Yes two days, that was the 5th.

Q. The other cheque for \$3500 was given you by Mr. Mercier on the 1st March.

A. Yes, Sir.

Q. Are you certain ?

A. Yes.

Q. Where ?

A. At his house, he telephoned to his secretary to prepare the cheque to my order and to bring it to his house for him to sign it ; the secretary brought it, Mr. Mercier signed and gave it me. As well as I can remember this is how it happened.

Q. This second cheque for \$3,500 was payable to bearer ?

A. Yes.

Q. You did not endorse it ?

A. Yes.

Q. You did endorse it ?

A. Yes.

Q. When ?

A. When I cashed it.

Q. You cashed it ?

A. Yes. When I cashed it at the bank to get the money.

Q. Why did you endorse it ?

A. That is customary.

Q. For a cheque ?

A. Yes.

Q. To bearer ?

A. Yes. Especially for a large amount to enable the bank to trace to whom the sum was paid.

Q. Now can you remember when you deposited it, if you did deposit it, the first cheque for \$5,000 ?

A. I did not deposit it at all.

Q. Why did you not deposit it ?

A. I deposited \$4,000 and kept \$1,000 of it.

Q. You cashed this cheque for \$5,000 at the Union Bank ?

A. Yes.

Q. Then how did it happen that you cashed the cheque and then the next day you deposited \$4,000 ?

A. Not the next day.

Q. When was it; the same day ?

A. The same day.

Q. The same day ?

A. Yes. I think so.

Q. Do you swear to this ; that you went to the Union Bank with the cheque for \$5,000, that you took \$1,000, and left \$4,000, to your account ?

A. No.

Q. What do you swear ?

A. I cannot say the day on which I cashed Mr. Mercier's cheque for \$5,000 at the Union Bank; on the date of the cheque the 2nd March I deposited on that day \$4,000 and kept \$1,000; I do not say that I deposited \$4,000 at one time; on the contrary I see by my bank book at the time I cashed the \$5,000 cheque I deposited \$3,000 and that the same day I made another deposit of \$1,000.

Q. The same day ?

A. The same day.

Q. You do not remember how many hours after ?

A. No, I do not remember.

Q. Why did you not at once deposit the \$4.000 and keep the \$1.000 since you wanted \$1.000.

A. I do not remember what made me act in that way to deposit \$3.000 or \$1.000 was of little importance, so that I had Mr. Mercier's money at his disposal, I considered that.

Q. Now if it was to have money to meet a draft drawn on you by Mr. Mercier; would you discount or draw the money or part of the money at once?

A. I placed a part of the money to my credit. None of these considerations came to my mind on this subject. I had the cheque for \$5.000; I cashed it, I kept the amount at Mr. Mercier's disposal, when he asked me for it I sent it to him.

Q. Now, \$8.500, that is the cheque for \$5.000 and the cheque for \$3.500 make a considerable sum do they not?

A. Yes.

Q. Have you kept any memorandum that you could produce to prove that the money belonged to Mr. Mercier, either in your books or elsewhere?

A. I knew that I owed Mr. Mercier the \$5.000 he had left in my charge before he went away, and that I ought to keep this sum at his disposal.

Q. Then you trusted entirely to your memory on this point?

A. For what?

Q. To keep track of the money, to remind you?

A. That I had this sum at his disposal?

Q. Yes.

A. I remembered perfectly that he had given me the cheque for \$5000. I could not forget it.

Q. And that for \$3500?

A. Yes.

Q. And you kept no account whatever of it?

A. Absolutely none.

Q. At this time you had in hands other considerable sums of money?

A. No.

Q. That was the only money you had?

A. After the election I cannot say without referring to my books.

Q. This was before the elections. When you received the cheques for \$5000 and \$3500. It was before the elections?

A. Yes.

Q. You had a great deal of money in hand at this time?

A. Yes, yes I had the proceeds of the note we had made the 28th February.

Q. For \$500?

A. Yes.

Q. That was not all?

A. I am not obliged to say anything besides what has already been produced.

Q. If you do not wish to answer, say so?

A. I refuse to answer any question outside of the vouchers produced.

Q. You had at that time a great many monetary transactions to do and already done ?

A. What do you mean by a great many monetary transactions, do you mean a great many payments.

Q. A great number of payments that you had to make and that you had already made.

A. No.

Q. You had not ?

A. I discounted some notes, but I had not a great number of payments to make.

Q. When you received the cheque for \$5,000 was it already accepted by the Caisse d'Economie ?

A. I don't think so ; it might have been but I am not sure ; my impression is that it was not ; I know nothing about it.

Q. Now can you say what notes you had discounted between the 21st February 1891 and the 3rd March 1891. Were there others besides the note for \$5,000 you have produced ?

Hon. Mr. Irvine :—

I do not think it is within the province of the Commission to inquire into that. The Commission may enquire into the \$100,000 transaction and those connected with it ; but this is a cheque which was filled up and paid before Mr. Pacaud touched the \$100,000, which he did only about the 6th May.

Hon. Mr. Justice Davidson :—

I do not quite follow you.

Hon. Mr. Irvine :—

What I was simply saying is this : This note is not produced and included among the vouchers, as I understand it, for this reason ; the note was paid by cheque on the Union Bank, and was not influenced or affected at all by the payment of the first instalment of the \$100,000, which Mr. Pacaud drew. That was discounted in the Banque Nationale, and the money was there. Besides, Mr. Pacaud has by his accounts rendered an account of the whole \$100,000 ; therefore this note cannot be the subject of enquiry now.

Hon. Mr. Justice Davidson :—

That assumes that he has rendered an account of the whole \$100,000 ; but my examination of the account does not carry me as far as that.

Hon. Mr. Irvine :—

As far as the figures go, he has, certainly. It is subject, of course, to explanation. I think there is no doubt about it that it does cover the \$100,000.

Hon. Mr. Justice Jetté :—

We do not see much objection to the question as put. We cannot strictly limit the evidence which may be given to such and such a note ; naturally we will judge according to circumstances as to what does or does not concern the inquiry.

The Witness :—

I request Your Honours to give me an opportunity to examine these documents, because I am not prepared to give account except from the day when I began to receive money for the \$100,000 ; as I commenced by receiving \$20,000, on the 15th May, etc., starting from the day on which I received the first cent out of the Baie des Chaleurs affair : the documents may be among my papers and I ask permission to look among them so as to be in a position to answer this question.

Mr. Casgrain :—

Q. From what you said this morning, Mr. Pacaud, there cannot be the slightest doubt that there was a note for \$5,000 signed on the 28th, did you not pay it at the Banque Nationale where it had been protested, I think, and another note for \$5,000 which you had discounted the 2nd March at George Demers ?

A. I shall answer you with more precision when I have seen the vouchers.

Q. If necessary I should like you to refer to your evidence of this morning to see if you do not remember to have said that this morning ?

A. I do not say that.

Q. You do not wish to answer until you have seen your statements again ?

A. I say that it would be more just to every one to give me the opportunity of seeing the vouchers again before speaking of them.

Q. Have you the vouchers here ?

A. No, I have not.

Q. They are not the statements of which you had just spoken ?

A. You ask me if there were other notes signed or endorsed by Mr. Mercier ; besides those which had been produced ; I say that I can not say without referring to them.

Q. Now, referring to the cheque for \$3,500 on the Caisse d'Economie, dated 4th March, did Mr. Mercier leave you a statement, a list of accounts which he wished you to pay for him during his absence in Europe ?

A. No, he merely said that he had left instructions for accounts to be sent to me.

Q. Accounts to be sent to you ?

A. To me, so that I could pay with money he had left me for this purpose.

Q. How did this cheque reach the Union Bank ?

A. As well as I can remember, it was I, myself, who cashed it.

Q. As well as you can remember, it was you who cashed it at the Union Bank ?

A. Yes ; I endorsed it and received the amount in cash.

Q. You did not leave the money there ?

A. I do not think so.

Q. You did not deposit the money in your name or in that of Mr. Mercier ?

A. Certainly not in Mr. Mercier's name, that would have been no use to me ; I have the cheque of his.

Q. Then how could you have been sure of being able to replace \$8,500 of Mr. Mercier at that time ?

A. I never had the least uneasiness of being in a position to repay these \$5,000.

Q. It was \$8,500 ?

A. Of being in a position to send him \$5,000 and to apply the \$3,500 to pay his accounts, because I always kept a sum, I will not say an equal amount, but always a sufficient amount to meet my obligations as regards Mr. Mercier.

The examination of the witness was adjourned until two o'clock P.M.

Two o'clock in the afternoon, the 27th October, 1891.

ERNEST PACAUD continued his deposition as follows :—

By Mr. Casgrain :—

Q. Before commencing to discount the twenty thousand dollar notes of which you have spoken, you always had on hand, from the time Mr. Mercier gave you this cheque, \$8,500, in some bank in the city of Quebec ?

A. I cannot precisely say that, Mr. Casgrain, but I may tell you that I always had a sufficient sum to enable me to meet my obligations towards Mr. Mercier.

Q. Then, between the second of March and the fifth or sixth of May, the date you got the discount, you always had enough to meet \$8,500 ?

A. No, that is not the absolute deduction. I might have...from the time I had five thousand dollars which I could send by cablegram, even if I had not the full amount of three thousand five hundred dollars, but had a lesser sum, but enough to allow me to meet the accounts as they were presented, I would have thought myself within the requisite conditions to honor all my engagements towards Mr. Mercier.

Q. How is it that you did not deposit the cheques themselves to your credit in the Union Bank ?

A. For the same reason. Why should I have deposited them ?

Q. You completely mixed up Mr. Mercier's money with your own ?

A. Yes. Absolutely.

Q. Without any distinction ?

A. Without any distinction. I did not keep a merchant's account but a friend's account.

Q. When Mr. Mercier gave you those two cheques did he take a receipt from you ?

A. No.

Q. When he gave you the cheque for three thousand five hundred dollars, which was not to your order, did he take a receipt from you ?

A. No.

Q. He was not so particular as when he wrote you the letter asking you for the last two thousand dollars, in which he tells you to be sure to keep his letter ?

A. Those are not facts, that is an appreciation upon which I am not obliged to answer.

Q. I ask you for an answer.

A. You will draw conclusions yourself. I ask to be questioned upon facts. To interpret Mr. Mercier's intentions.....

Q. It is true, it is not, that when Mr. Mercier wrote you a letter asking for five thousand dollars, that he wrote a postscript telling you to be careful to keep that letter, because in case of death it would be proof that you were not obliged to pay, but that he was ?

A. I do not know if these were his expressions, but that is the substance. As the note was simply endorsed by him, and I was to sign it, and the proceeds were to be sent to him, he said : " Keep this letter, it will secure you. You are the maker, but my letter shows that it is I who owe the sum and not you."

Q. What you repeat is in substance what is in the postscript ?

A. Yes.

Q. When Mr. Mercier gave you those notes for three thousand five hundred and five thousand dollars he did not require any receipt from you ?

Q. No.

Q. No memorandum, nothing at all ?

A. What memorandum could I give him ?

Q. You might have given him a writing of some kind, showing the receipt of those cheques.

A. No, none. I suppose Mr. Mercier had sufficient confidence in me.....

Q. But in case of death ?

A. He did not exact a receipt.

Q. Have you the letter which Mr. Beausoleil sent you asking you to accept the two drafts for two hundred and fifty dollars each ?

A. No. At Mr. Beausoleil's request, I looked for them often, but have not been able to find them. I must have destroyed them.

Q. Did I understand correctly that you said that both drafts bore the same date ?

A. Show them to me, please.

(The witness examines Exhibits 87-7 and 87-10.)

Yes, the two drafts in question, which are shown to me as being Exhibits 87-7 and 87-10, drawn upon me by Mr. Beausoleil for two hundred and fifty dollars each, bear the same date, the twenty-eighth April.

Q. In this letter which Mr. Beausoleil wrote you, he tells you that Mr. Mercier undertook to pay the costs of the election contestation of Maskinongé.

A. Yes.

Q. He undertook it personally.

A. Yes.

Q. And that he knew that Mr. Mercier had left money with you.

A. Yes.

Q. And yet he drew on you at fifteen and thirty days ?

A. Yes.

Q. Will you tell me now, if you still have in your possession the letter you showed the other day to the Commissioners, in which Mr. Mercier asked you to send him the five thousand dollars. About the thirtieth of June ?

A. No. I have not it.

Q. You did not bring it back to court ?

A. No.

Q. Do you remember that when you produced it the other day, that at the time I remarked, that when you would be under cross-examination, I would ask you to produce that letter?

A. Yes.

Q. And you haven't it?

A. No. It is partly for that reason. I had the permission of the Commission not to produce it, and I was afraid that I would be obliged to yield if you pressed for its production, and I destroyed it. I kept the envelope only.

Hon. Mr. Justice Jetté :—

I think you were wrong, Mr. Pacaud, and I must tell you so.

The Witness :—

I regret it, Your Honour.

Hon. Mr. Justice Jetté :—

You should have had more confidence in the Commissioners than you have had. We have protected you so far and that proves that you have no confidence in the Commissioners. It might.....

The Witness :—

I deeply regret it, and I pray the Commissioners not to interpret my action in that way. I thought that after having communicated... I thought that Your Honours had decided to take communication of it, and that the counsel could not take communication of it, I thought from the time.....

Hon. Mr. Justice Jetté :—

We were disposed to maintain that decision, that is why you should have kept it.

The Witness :—

I pray Your Honours not to interpret my action in that way. It was not for that reason at all that I did it.

Hon. Mr. Justice Jetté :—

It was certainly to your advantage to keep the letter.

The Witness :—

It might have been. I do not pretend that I was right in doing so. This was the reason; I had already published a letter from Mr. Mercier, and during three months private matters, were ridiculed. In that letter, although there was nothing compromising, there were certain things, which, if they were placed before the public, they would again try to ridicule him. That is the reason which made me destroy it. Again I pray the Commission..... I have been too anxious to submit to the wishes of the Commission since the beginning for.....

By Mr. Casgrain :—

Q. Now, Mr. Pacaud, how did you send that money to Mr. Mercier ; I speak of the five thousand dollars ?

A. I deposited five thousand dollars, as far as I can remember, at the Banque Nationale and I asked the Banque Nationale to cable.

Q. To cable ?

A. Yes. I myself cabled to Mr. Mercier that the Banque Nationale was sending him money.

Q. What is about the date ? The second of July ?

A. I think it was the second of July.

Q. Can you tell me whose names were on the six thousand dollar note discounted the thirtieth of July at the Banque du Peuple ?

A. I could tell better on referring, on seeing it. I think that the note was signed by me with the endorsement of Mr. Mercier and Mr. Charles Langelier.

Mr. Bédouin :—

I would ask that Mr. Mercier produce the note.

The Honourable Mr. Mercier offers to produce the note.

Hon. Mr. Justice Jetté :—

It may be produced by Mr. Pacaud, who will state that you have just given it to me.

The Witness :—

The Honourable Mr. Mercier having just handed me the note dated the thirtieth of July 1891, at three months date, signed by me and endorsed by the Honourable H. Mercier and the Honourable Charles Langelier, for six thousand dollars, I produce it as **Exhibit 91**.

By Mr. Casgrain :—

Q. Will you refer to the statement you produced of the Banque du Peuple ?

A. Yes.

The witness refers thereto.

Q. You see there that on the thirtieth of July you twice withdrew three thousand dollars ?

A. Yes.

Q. Can you tell me what you did with those two sums of money ?

A. Those are two items which the Commission excused me from speaking of. They are the items marked in red in the statement as being...

By Hon. Mr. Justice Jetté :—

Q. What is the date ?

A. The thirtieth of July.

Q. On the Banque du Peuple ?

A. Yes.

By Mr. Amyot :—

Q. Under what number is it ?

A. It is marked 88-128a and 88-128b.

Q. Those cheques are not produced ?

A. No.

Hon. Mr. Justice Jetté :—

We do not think just now that the transactions should be disclosed, but if you have no objections to tell the Commissioners what it is, we would be better satisfied.

A. Very well. At once ? I may say...

Hon. Mr. Justice Davidson :—

No, not now.

Mr. Casgrain :—

Q. Where was the six thousand dollar note discounted ?

A. At the Banque du Peuple. Deposited first at the Union Bank, and then I gave a receipt to the Union Bank for the note and I took it to the Banque du Peuple, and discounted it there.

Q. On the thirtieth of July ?

A. As well as I can remember, yes.

Q. Now, you know, do you not, that the note was not fully paid ?

A. That note for six thousand dollars ? I know nothing about it.

Q. You know that there were paid only three thousand dollars on it ?

A. I know nothing of it. I asked the cashier, and the cashier told me that it was paid.

Q. Paid in money or by another note ?

A. He did not give me details. As far as I can remember, I telephoned Mr. Dumoulin at the Banque du Peuple, to know if the note was paid. Mr. Dumoulin, or one of the clerks, telephoned me that the note was paid.

Q. In place of discounting this note on the thirtieth of June, you had withdrawn from your money in the Montreal Bank five thousand five hundred dollars ?

A. No.

Q. Where did you get that money ?

A. I had in my possession a cheque for seven thousand five hundred dollars on the Montreal Bank, and I went to the Banque du Peuple, I deposited the cheque for seven thousand five hundred dollars, I withdrew the five thousand dollars, and I placed the two thousand five hundred dollars to my credit, on deposit in the Banque du Peuple. It is with these five thousand dollars that I withdrew, on the cheque that I had there, that I got the sum added to Mr. Mercier.

Q. Now, to return to another matter, did I understand you correctly when you said you went to the Banque Nationale to send the first five thousand dollars to Mr. Mercier, that you told Mr. Lafrance that you had money belonging to Mr. Mercier, but that you were keeping that money, and that you would take the five thousand dollars out of the discount of the twenty thousand dollar note which you then had in the bank, and which you wished to get accounted ?

A. Yes.

Q. That is what you said ?

A. Yes, in substance.

Q. It is the substance of what you said ?

A. Yes.

Q. You are positive in saying that you told Mr. Lafrance that you had money belonging to Mr. Mercier in your hands?

A. Yes.

Q. You have no doubt about it?

A. No.

Q. Who was there besides Mr. Lafrance?

A. Mr. Vallière.

Q. Mr. Gaboury?

A. No.

Q. Were there any other bank officials there?

A. There was no person. We were only three in the bank, Mr. Lafrance, Mr. Vallière and myself.

Q. You spoke of an insurance policy upon which you paid the premium to Mr. J. Pennée. Have you the receipt?

A. I should have it. I did not look for it, but I should have it. Do you wish me to look for it?

Q. Yes.

A. I should have it.

Q. I now come to a sum of five hundred dollars which you paid to Mr. Geoffrion on account of costs before the Tarte-McGreevy Committee. You said, I think, that it was understood that you should support all the costs of that enquiry, that is to say, on Tarte's behalf?

A. It was not understood. I offered to do so.

Q. To whom?

A. I offered it to Mr. Geoffrion. I offered it to Mr. Tarte.

Q. Do you say you offered it to Mr. Tarte?

A. That is my impression.

Q. You are not certain, is it not so?

A. I do not know if I mentioned it at that time or when I paid the note. I do not know, but I think that it was an understood thing that the sum that I paid for him would be applied to that.

Q. Was it you who asked Mr. Geoffrion to go up to Ottawa and that you would pay his costs?

A. I was in Montreal and telegraphed to Mr. Geoffrion to meet me at his office on the arrival of the train. I asked Mr. Geoffrion how much he asked for his costs in the morning and he told me he asked fifty dollars per day. I told him, I will give you a cheque at once for five hundred dollars for the first ten days, and if I forget you, draw on me.

Q. Was Mr. Tarte present?

A. No.

Q. You never had a deed of partnership between yourself and Mr. Charles Lang for the ownership of *Electeur*.

A. I had a deed of declaration of partnership.

Q. There was no deed of partnership between you?

A. I do not think so.

Q. The only time, I think, from what I can see and from what I understood in the morning, that you made a declaration of partnership for the *Electeur* with Mr. Charles Langelier was during 1884?

A. Will you show me the statement I produced this morning? It appears that I fyled a declaration of partnership on the 18th September 1884.

Q. On the ninth January, eighteen hundred and eighty-six, (1886) there was a declaration of partnership fyled and a declaration of ownership of the *Electeur* by P. B. Casgrain and the Honourable Mr. Laurier?

A. Yes.

Q. So that the ownership of the *Electeur* went out of your hands at that date?

A. I never considered that the *Electeur* went out of any hands notwithstanding that declaration.

Q. Later on, still in the same year 1886, there was another declaration of ownership of the *Electeur* by P. B. Casgrain and the Honourable Mr. Laurier?

A. The same answer applies. I do not think that I ever became dispossessed of the ownership of the *Electeur* notwithstanding those declarations.

Q. How did Mr. Charles Langelier and you acquire the *Electeur*?

A. By our work, our devotedness and our sacrifices.

Q. Was that the price you paid for the *Electeur*?

A. The subscriptions of friends..... the plant friends placed at our disposal on account of the sacrifices we had made to support them; I collected money from our political friends in town here, and I bought the newspaper from Mrs. Tremblay, the plant of the paper.

Q. You had, Mr. Charles Langelier and yourself many quarrels respecting the ownership of the paper with Mr. Joseph Archer and Mr. Auger?

A. Yes.

Hon. Mr. Irvine :

Does the Commission think it desirable to go into all these old law suits?

Mr. Casgrain :—

I just want to show that *L'Electeur* did not cost anything and that Mr. Charles Langelier did not put a cent into it.

Hon. Mr Justice Davidson :—

It is very remote.

Mr. Casgrain :—

I understand, but of course I cannot put the question direct. I will leave it aside for a few minutes and get at it in another way.

Q. You stated in your examination, that before the Baie des Chaleurs Railway matter, you had made deposits for Mr. Charles Langelier, did you not?

A. Yes.

Q. Were those deposits large?

A. I remember once having deposited for him eight hundred and some dollars at Mr. Veasey's. I think that is the amount, I have not verified, because that did not come into my statement, but depending on my memory.....

Q. Is that the only deposit you remember?

A. I cannot say that. I have had so many transactions with Mr. Charles Langelier, that, not being prepared to give an answer on that point, I can give nothing exactly.

Q. I come to an item which is often repeated. Thirty dollars for revising electoral lists,

paid to J. A. Tessier. You said that you were mistaken as to the application of that money

A. Yes.

Q. I wish to know as to the other sums which you paid for the revision of electoral lists, how these payments were made. Were you drawn on, or did you send the money, or were you recognized as the general treasurer of the party?

A. I took the initiative in writing to all my most active friends in each county to ask them to kindly attend to the electoral lists, and I told them that I sent them a sum, a small sum, but which would assist them in paying their most necessary disbursements.

Q. Will you refer to Exhibit 88-2?

A. Yes.

Q. I see five hundred for your personal use. Can you give some explanation as to what you mean by personal use?

A. That is to say, that it is money which I had kept myself for certain current expenses.

Q. Certain current expenses?

A. Yes, that I had kept in my possession.

Q. Personal expenses?

A. Yes, personal expenses.

Q. Not expenses in a political sense, nor for political friends?

A. No.

Q. You are positive of that?

A. I am positive.

Q. I would ask how it is that out of a large number of items which you have here you can deduct a sum of five hundred dollars and swear that that sum was kept by you for your personal use?

A. Because I remember for that item as I remember for the rest that I paid for political purposes. That one was for my personal use.

Q. If you notice, where political purposes are concerned you have vouchers, either cheques or notes?

A. Yes.

Q. When you have sums, even large ones, for personal use, you have neither note, cheque nor voucher?

A. No.

Q. You did not keep books?

A. No.

Q. What have you to refresh your memory?

Q. On what?

Q. On these sums expended for personal use?

A. I suppose that they are expenses which I have no interest in retracing. If they are expenses to pay my servants, or to take a trip, if I take a steamer, what interest have I in retracing those expenses.

Q. I see in your account that when you went to the Senate, you took one thousand dollars with you. Have you any interest in retracing those thousand dollars for a trip to the Senate?

A. A trip to the Senate? How?

Q. Yes, yes.

A. I beg my friend's pardon..... the cheque is at the Senate..... I beg your pardon. I may perhaps have expressed myself badly, but if you understood me like that, you are mistaken. I said that the cheque for one thousand dollars, the cheque that I got changed before I left, in American money as much as possible, by Mr. Dumoulin, for my trip to Europe, apart from the draft, I said that that cheque, I could not produce, as it is before the Senate.

Q. In your statement number three, from the Union Bank, "money for my trip to the Senate \$1,000"?

A. What item, Mr. Casgrain?

Q. Statement No. 3, item 14?

A. This is the correct entry. It is an error in the proof. The original reads as follows, the exhibit which is produced: "10th August no cheque, money for my trip, personal,—and between brackets, (before the Senate) \$1,000." That is to show, that if I do not produce the cheque, it is because it is before the Senate.

Q. That cheque was for your trip to Europe?

A. Yes.

Q. How is it that you had decided to go to the Senate to give evidence just at that time?

A. How?

Q. You said in your evidence that at that date, you had decided to go and give evidence before the Senate, and you say that you drew the cheque for one thousand dollars for your trip to Europe, and yet you state in your evidence, yesterday, that you were at that time going to the Senate?

A. Even if I had decided to go to the Senate, as I had, on the Sunday, that did not exclude my trip to Europe. I hoped that they would not keep me all summer. I had even taken my ticket for the trip before.

Q. You took your cheque for one thousand dollars to go to Ottawa, to leave immediately afterwards for Europe?

A. No. I had not changed the cheque for one thousand dollars before the day I left for Ottawa. I arrived on the Sunday morning from Murray Bay, I took my ticket to go to Ottawa and I returned on the Sunday evening. On Monday morning, when I had decided not to go to Ottawa but to leave at once for New York, I went to the bank and changed my cheque for one thousand dollars.

Q. That is the explanation you give?

A. Yes.

Q. I see here, "deposit, Mr. Charles Langelier, \$260." Can you state why this deposit was made?

A. No. I cannot say why. I must have made it because Mr. Langelier may have told me that he was short or something like that, that he wanted that sum, and I would have gone to the bank to place that sum to his credit, telling him that he might draw on the bank, that I would place the money at his disposal.

Q. I see a certain number of items, \$25.00 to Mr. Napoléon Legendre for articles written in the *Electeur* newspaper?

A. Yes.

Q. These sums are paid by you personally and not by the firm of Belleau & Company?

A. Yes.

Q. It was you who pay these expenses?

A. Yes.

Q. The *Electeur* is the chief liberal organ in the Province of Quebec, is it not ?

A. I do not absolutely pretend that, that my paper is the chief liberal organ in the Province of Quebec ; it is certainly the most devoted.

Q. And the best paid ?

A. We have no complaints to make against our friends.

Q. These sums, which were paid to Mr. Legendre, to Dr. Vallée, and other persons, were for writings in your paper the *Electeur*.

A. Yes.

Q. The sum of one hundred and fifty dollars, which was paid to Mr. Desbarats, W. S. Desbarats, you know that is a sum which Mr. Achille Carrier owed to Mr. Desbarats ?

A. I do not think that I am obliged to enter into those matters. That is a personal matter between Mr. Desbarats and myself.

Q. I do not know. It is money that came out of the Baie des Chaleurs matter which went to pay a debt of Mr. Carrier, a member, to pay indirectly. It is absolutely the same thing as when money is paid to the bank.....

By Hon. Mr. Justice Jetté :—

Q. I understood that you stated that it was a debt of Mr. Carrier's.

A. No. I said that I had paid one hundred and fifty dollars to Mr. Desbarats and that it was a personal debt.

Q. Your personal debt ?

A. I considered it as a personal debt.

Q. It was not a personal debt ?

A. No. It was because Mr. Desbarats told me that he had lent money on my name being mentioned, and I thought I was bound in honor to pay Mr. Desbarats. It is altogether a personal matter.

Q. Was this loan made to a political friend ?

A. No, Mr. Desbarats is not a political friend.

Q. But I understand that this money that you refunded to Mr. Desbarats had been by him lent to another person ?

A. Yes.

Q. Had this loan been made to a political friend ?

A. Yes, Your Honour.

Q. Was he a member ?

A. Yes.

Q. I think it would be better to mention it ?

A. Then, Mr. Desbarats told me that he had Mr. Carrier's note for the sum of one hundred and fifty dollars, and I told him to bring me the note and that I would pay it. And I paid it.

By Mr. Casgrain :—

Q. Do you know, Mr. Pacaud, a person named Louis Joseph Levasseur, merchant, of Matane ?

A. I think so.

Q. Are you sure ?

A. Yes, I have already met him.

Q. Did you meet him in the beginning of May, 1891 ?

A. I do not remember.

Q. You met many persons at that time ?

A. Yes.

Q. Remember a little ; I wish you to remember whether you met Mr. Levasseur in the beginning of May, 1891 ?

A. No, I did not meet him, I do not think so.

Q. Did he go to your house ?

A. I do not think so. I have a fairly good memory, and I think if I had seen him I could remember, and I do not think I met him.

Q. I wish, if possible, that you would give a positive answer ?

A. I would like very much to satisfy you, but I would also wish not to go further than think I should go. I am almost positive that I did not see Mr. Levasseur, and were I not in my present position in which many attempts will be made to contradict what I say, I could swear in the most positive manner that I had not seen him.

Q. Is it not true that in the beginning of May, in the city of Quebec, you met Mr. L. J. Levasseur, merchant, of Matane, who came to ask you for payment of an election account of about eight hundred dollars, and that on that occasion the Honourable Charles Langelier, was present, and that you then said that you were well pleased, you had done a big thing, which allowed of your paying all the election accounts, and that Mr. Charles Langelier told you : " You had the chance of having us " ?

A. I deny that in the most positive and solemn manner. Even if ten witnesses came to swear it, I swear positively that it is false. I never had such a conversation with Mr. Levasseur or any one else.

Q. Very well, your denial is sufficiently emphatic ?

A. I swear it positively and without any restriction.

Q. Will you state who is this Mr. Godreau mentioned in your account as having received one thousand dollars ?

A. I did not state that he had received one thousand dollars.

Q. In what account is it to be found ?

A. In the Union Bank account. It is \$9-4, the balance went to pay election and other accounts, Godreau.

Q. Who is that Godreau ?

A. I do not remember his first name. He boards. He should be at the Hotel Dion.

Q. Have you a copy of that election account ?

A. No.

Q. Did you take a receipt ?

A. No.

Q. How do you know it was for election expenses ?

A. Because I knew him and he told me so.

Q. Where did he work ?

A. I am ready to give the Commission this information ; but I do not think that I am obliged to go into those details of election accounts which I may have paid. I am ready to give those to Your Honours.

Q. I do not insist.

Now, will you take item 88-24a. I see : " I produce nothing, this was a deposit made of the proceeds of a discount, \$419." I wish to have details as to that discount. What note did you discount ?

A. I object. I do not think that this has any connection...this is a note which I negotiat-

ed... I am ready to render an account of the one hundred thousand dollars, but this is its face a transaction altogether foreign to that.

Hon. Mr. Irvine :—

That is certainly going outside the limits of this inquiry. This inquiry, as we have over and over again until the Commission must be tired of hearing it, is confined entirely to the transactions connected with the Baie des Chaleurs Railway. If Mr. Pacaud discounted any notes for Mr. Mercier previous to that, or if he financed for him or for him in any emergency, that has nothing at all to do with this matter, unless you shew the liabilities created before were afterwards paid out of this money. It is not because of the importance of the question that I object, but it is because of the importance of principle involved.

Mr. Casgrain :—

How does it happen that a distinction can be made between these amounts which Pacaud puts in his statement? We wish to show that Mr. Pacaud does not render an account of the hundred thousand dollars. This is one of the means we have of showing it. We wish to go further, and we wish to show that by this mixing of accounts that has taken place have been really prevented up to the present time from proving that other persons received the Baie des Chaleurs money.

Hon. Mr. Justice Jetté :—

If that is your object, the fact that Mr. Pacaud enters \$1,400 to his credit will facilitate the proof that you wish to make. If he does not account for that sum, he does not account at all. I do not give any decision, but I point out to you that your argument is not decided.

Mr. Casgrain :—

Then my question will remain there.

Mr. Bédouin :—

If my learned friend would take the trouble to look in this bank pass book, he will see the discount is entered on one side and the cheque is drawn on the same day against the discount, that appears by the bank pass book.

Mr. Casgrain :—

Am I to understand that Mr. Pacaud's bank pass books are produced?

Mr. Bédouin :—

No.

Mr. Casgrain :—

Then I cannot refer to them.

Q. I see here an item: "St. Jean, workman, \$1,135.35. No. 88-168?"

A. That is an error, it is \$113.35.

It being four o'clock, the sitting was adjourned until the following day.

J. BELANGER,

Clerk of the Commission

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners, to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

13th SITTING.

The twenty-eighth day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
" " " " LOUIS-FRANÇOIS-GEORGES BABY,
" " " " CHARLES-PEERS DAVIDSON.

Commissioners.

Hon. Mr. Justice Davidson:—

I gave expression to a belief yesterday which was to be subject to correction, that a number of items with reference to election expenses to be found in Mr. Pacaud's account appeared to me to have been duplicated. It seems proper for me to state at once that a further examination of this account and explanations of counsel and some items of evidence given by Mr. Pacaud have removed that belief from my mind for the present.

Messrs. Hall and Casgrain applied for an order for the production of the following documents :

1. An order on Canadian Pacific Railway Telegraph Company and Great North Western Telegraph Company for.

(a) All cablegrams and telegrams to Honourable Mr. Mercier sent by Honourable Mr. Larneau, Honourable Chas. Langelier, Mr. Ernest Pacaud or Mr. J. A. Mercier or any of them and the cablegrams sent by Honourable Mr. Mercier to any of those gentlemen during the months of April, May and June 1891.

(b) All telegrams exchanged between Angus McIntyre Thom. Ernest Pacaud and Charles N. Armstrong, during the months of March, April and May 1891.

2. An order on the Union Bank for.

I A list or statement of all notes held by the bank from the 28th February to the 15th July bearing the signature or endorsement of Ernest Pacaud and Honourable H. Mercier.

II The deposit slips of Ernest Pacaud from the 2nd March inclusively to the 10th July 1891.

III A statement with vouchers or papers showing how and by whom the bank received,

deposited and collected the two cheques of Honourable Mr. Mercier on the Caisse d'Economie, one dated the 2nd March 1891 for \$5,000, to the order of Ernest Pacaud and endorsed by him and the other dated the 5th March 1891 for \$3,500 payable to bearer and endorsed by Ernest Pacaud.

3. An order on P. B. Dumoulin, agent of the Banque du Peuple to produce the deposit slips made by E. Pacaud from the 2nd March 1891 to the 29th September 1891.

4. An order on J. C. More, manager of the Merchants Bank of Canada for production of a copy of Mr. Pacaud's account from the 10th July 1891 to the 28th September 1891 and for the cheques and deposit slips connected therewith.

ERNEST PACAUD, advocate and journalist, is recalled and continues his deposition as follows :

By Hon. Mr. Justice Jetté :—

Q. We asked you yesterday if you could furnish us with a statement showing the date when the deposits for the election contestations were made ?

A. I could not verify the dates exactly, Your Honour, but I found among my papers a statement prepared on the 15th April, eighteen hundred and ninety-one, of the deposits made as also other expenditures. I see that all the deposits here mentioned must have been made on or before the 15th of April ; there are nine ; the others must have been made during the days immediately following the 15th of April, excepting the one for Chicoutimi, which was made a month later, and for which I have already accounted.

I produce this statement as **Exhibit No. 99**.

Q. I see in the statement which you produced as **Exhibit No. 88**, at the date of 30th July : Discount of \$5,925.20. I wish to know if that note is the note which you got discounted with Mr. Mercier's signature upon the signed blank of which you spoke yesterday ?

A. Yes, Your Honour, and I added one thousand dollars (\$1,000), five thousand dollars (\$5,000) which I had sent him and one thousand dollars (\$1,000) which I added under the circumstances I explained yesterday.

Q. Now, the two entries made at the same date for \$3,000, which are mentioned under the numbers 128a and 128b. are they those which you privately explained to us this morning before the opening of the sitting ?

A. Yes, Your Honour.

Q. And the documents, the papers which you showed us, are connected with those two entries ?

A. Yes, Your Honour.

Mr. Casgrain asked me yesterday to produce the insurance company's receipt for \$315 which I claim in my account is the amount paid to Mr. Pennée. I have not the receipt as some time ago. I returned all my policies to the insurance company, so as to have them consolidated, but I brought the insurance company's letter asking me for that sum, at date which corresponds to the payment. I think that will be sufficient. It is a letter from the company asking me for \$315 for an insurance policy of \$10,000.

By Mr. Casgrain :—

Q. Mr. Pacaud, I see in the statements which you produced, several items of ten dollars to Mr. Frank Carrell ; I wish to know who is that Mr. Frank Carrell, and why the sums of ten dollars were paid to him ?

A. Mr. Carrell is the proprietor of the *Daily Telegraph*.

Q. Which is one of your party organs at Quebec?

A. Yes.

Q. And the ten dollars were paid to him?

A. When Mr. Carrell senior died, I told his son, Mr. Frank Carrell, that I would assist him to continue the publication of his paper. I agreed to pay him weekly one-half of the salary of his editor in chief; he paid him \$20 per week, and I told him that I would pay \$10 weekly. I have paid him that amount since.

Q. Now the sum of \$219 and that of \$315, which you mentioned this morning, as having been paid for premiums of insurance policies, were they paid on policies on your own life?

A. Yes, Sir, on my own life.

Q. I see at item 89-4, \$8,000, a cheque. Out of the proceeds of that cheque you deposited \$2,000 in the Merchants Bank and \$2,000 in the Union Bank, Savings Branch, Upper Town; to whose credit did you make those deposits?

A. To my own credit.

Q. To your credit?

A. Yes.

Q. Have you anything in your books to show it?

A. Yes.

Q. Have you your books with you?

A. No, but I can send for them.

Q. Do you produce your bank-books?

A. No. I do not produce them.

Q. Now, I see at item 88-133 : to Mr. Parmelee, \$50. I believe there was an error in your examination in chief, it should have been \$500 to Mr. Parmelee?

A. \$500.

Q. Who is that Mr. Parmelee?

A. He is the editor of the *Waterloo Advertiser*.

Q. One of your party organs in the county of Shefford?

A. Yes, sir.

By Hon. Mr. Justice Jetté :—

Q. Was that sum paid to Mr. Parmelee returned?

A. Immediately afterwards by the next mail.

Q. You have already said so, I believe?

A. Yes, that sum which I paid to Mr. Parmelee was returned to me, by the next mail Mr. Parmelee or if not by the next mail, two days after, but it was immediately afterwards.

By Mr. Casgrain :—

A. Item 89-8, \$7,000, a cheque you drew on the Union Bank. You state that out of it you made a deposit in the Merchants Bank of \$2,000, and a deposit of \$1,000 in the Bank Savings Branch, Upper Town; to whose credit were these deposits made?

A. To my own credit.

Q. Now, you state that out of this amount you paid to Mr. Charles Langelier \$1, and that you deposited \$500 to his credit in the Banque du Peuple ?

A. Yes.

Q. How do you explain that you did not pay him either \$2000 in money or a deposit of \$2000 at the Banque du Peuple ?

A. Mr. Charles Langelier was at my office. We had arranged that I should give \$2000, he required \$2000, of which he wished \$500 to be deposited to his credit in the bank because he had given cheques ; it was either to meet these cheques or that he intended to give cheques that day ; any way he wished to have \$500 deposited in the bank and \$1500 in cash.

Q. It was at Mr. Charles Langelier's request that you did so ?

A. It was at Mr. Charles Langelier's request that I did so.

Q. Now you stated that you had paid out of the same sum of \$7000 Mr. Armstrong a draft for the sum of \$1,002.50 ?

A. Not a draft, a cheque.

Q. That cheque is the one annexed to the protest on this Exhibit 89-8, is it not ?

A. Yes, Sir.

Q. The protest was made on the twentieth of July ?

A. Yes, Sir.

Q. At the request of the Merchant's Bank ?

A. I do not know at whose request. (Taking communication of the protest). I believe it was in the Merchants Bank at Montreal.

Q. Forwarded to Quebec for collection, was it not ?

A. Yes.

Q. Have you your Merchants Bank deposit book with you ?

A. No.

Q. It is not true that that sum was not paid by means of the money from the Union Bank which you drew out of the \$7,000, that is, that the sum of \$1,000 of the cheque in question was paid by the placing to the credit of your account in the Merchants Bank the sum of \$1005.82 ?

A. No, Sir.

Q. You paid it in money ?

A. In money.

Q. With money from the Union Bank ?

A. Yes.

Mr. Casgrain :—

Your Honours, this is the position in which we are placed. According to our instructions, we are certain to be able to prove that that sum of \$1000 was not paid out of \$7000 drawn from the Union Bank, but by a sum of \$1005.82 which was placed to the debit of Mr. Pacaud's account in the Merchants Bank. But we have not the books here, we cannot establish it, and we are obliged to depend entirely on Mr. Pacaud's word, who in this matter may be perfectly mistaken.

Hon. Mr. Justice Jetté :—

You have the Merchant's Bank statement ?

Mr. Casgrain :—

We have a statement of account made by Mr. Pacaud.

Mr. Bédouin :—

Certified by the bank.

Mr. Casgrain ;—

Made by the bank, in any case under instructions from Mr. Pacaud. We wish to have the book itself, and I believe it is time to make an application that an accountant be named to examine Mr. Pacaud's bank books.

The Witness.

If the Commissioners will allow me, I am prepared, immediately after the adjournment, to bring my books to establish whether the deposits I pretend in the statement to have been made, at such or such a date, are really entered in my bank books at the dates and under the conditions I there state. With respect to that item, for the purpose of knowing whether the amount was taken from the Merchant's bank, I will give my Merchant's Bank book to the Commissioners. If I object to produce my books, it is because I will be placing the public in possession of all my transactions previous to the Baie des Chaleurs matter which would be altogether unfair.

Hon. Mr. Irvine :—

At any rate I would suggest to the Commission that as Mr. Pacaud has in his examination produced a statement certified by the bank it should be sufficient. It is not to be supposed that the bank manager would certify anything not according to his books, and the charge of which my learned friend speaks does not appear. At all events, without referring to Mr. Pacaud's books he can bring up the manager of the bank very easily.

Mr. Hall :—

If the Commission will allow me to add a few words. It seems from the remarks of my learned friend Mr. Irvine that he takes for granted that these statements produced by Mr. Pacaud are absolutely correct ; now we take the ground that these are liable to a certain amount of scrutiny. Mr. Pacaud has got an account in the Merchants Bank ; two accounts in the Union Bank in the Lower Town office and one account in the Upper Town office ; he has another account in the Banque du Peuple and another in the Banque Nationale. Now, with reference more particularly to this account in the Merchants Bank I take the Exhibit No. 90. This is not a statement certified by the Merchants Bank.

Hon. Mr. Irvine :—

Take the other one.

Mr. Hall :—

I have not got the other one.

Hon. Mr. Irvine :—

I was wrong in saying it was certified by the manager of the Merchants Bank.

Mr. Hall :—

The Commission will easily see that a gentleman dealing with a number of banks this kind with the opportunities there are for cross checking and taking out of one bank and depositing in another, can so manage things that unless we have the whole of the accounts here it is impossible to verify them. Now to give one instance, if Mr. Pacaud draws a cheque for \$1,000 on the Banque Nationale and deposits it in the Banque du Peuple next day, it is quite easy for Mr. Pacaud to draw his cheque on the Banque Nationale to the order of any one he pleases and the next day deposit it in the Banque du Peuple but that deposit would be as foreign to the cheque as gold is to silver. So I would ask the Commission not to take, for granted that these entries are absolutely conclusive at all ; and we can suggest to the Commission an absolute way of verifying all these entries. As Mr. Casgrain has suggested, it could be done in a few hours by an expert accountant who would have access to the books of the bank and to the deposit slips and cheques. Of course the banks do not receive any money as deposits without having slips to shew the nature of the deposit ; and when bills or cheques are given of one bank to another, on the following day they make an interchange and it is therefore quite easy to verify these accounts. Now with reference to the question asked by my learned friend Mr. Casgrain, it seems to me there is a sufficient discrepancy to warrant a close investigation into this particular item. Now Mr. Pacaud I understood left his bank book with the Commission. I understood he trusted them sufficiently to leave his books with them for their inspection. Now we find they are not here when they ought to be so as to put us in a position to verify this item.

Hon. Mr. Irvine :—

Nothing can be more easy than to verify this by bringing the manager or the accountant of the Merchant's Bank. We will tell you whether this account produced is correct or not. Now, with regard to what my learned friend Mr. Hall said about a cheque being drawn on one bank and deposited in another, no difficulty in this respect could occur under the system which Mr. Pacaud has used in making his statements. If he drew a cheque on the Banque du Peuple or on any other bank and deposited the money in another bank it makes no difference in the ultimate result of his statement, because every dollar he put in one bank or the other is accounted for in all the banks. For instance if he drew out of the Banque Nationale and deposited in the Banque du Peuple he shows that he drew it out of the Banque Nationale and accounts for it afterwards. So that the suggestion which my learned friend makes cannot possibly be with a view to elucidating matters in this inquiry but to try and find whether there might not be some other inquiry made into something else.

Hon. Mr. Justice Jetté :—

We are of opinion Mr. Hall, that the facts which you wish to know should be established by the officers of the banks. We do not think that there would be any use in sending an accountant to search in the books of a bank, with which he is a total stranger for information that an official of the bank could give us at first sight. Consequently if you want an order for the cashier or any other officer of the Merchants Bank to produce vouchers which you may mention, we are prepared to give such an order, so as to get an explanation of the item now before us.

Mr. Casgrain :—

During the adjournment my learned confrere, Mr. Hall, and myself will come to an understanding as to the application we will make as to the books and other documents to be produced by the cashier.

Hon. Mr. Justice Jetté :—

We do not, at present see the utility of having an accountant ; we will see later, whether in view of the mass of figures which we have to examine it will not be necessary to employ an accountant.

By Mr Casgrain ;—

Q. Item 89-9a. L. J. Demers, \$3000. What value did Mr. Demers give you for these \$3000?

A. I do not see that I can enter into the details of a private transaction with Mr. Demers. Mr. Demers gave me.....

Q. I will put another question to you before insisting upon an answer to that. Is not Mr. Demers the proprietor of the *Evenement* here?

A. Yes, Sir.

Q. A newspaper which represents your political ideas?

A. I am not prepared to say that ; I always understood that the *Evenement* was a conservative paper.

Q. Are you in earnest, on your oath, when you state that you always understood that the *Evenement* was a conservative paper?

A. Yes, I am in earnest.

Q. You swear to that?

A. Yes.

Q. And you swear that the *Evénement* is now still a conservative newspaper?

A. Independent.

Q. You swear that in this matter, in its appreciation of the Baie des Chaleurs matter, the *Evénement* is an independent conservative newspaper? You swear to that?

A. Well, do you want me to swear it three or four times?

Q. Yes.

A. Well, I swear that I consider that the *Evénement* is an independent conservative newspaper.

Q. Now, I wish to know what value Mr. Demers gave you for the \$3,000 in question?

Hon. Mr. Irvine :—

I do not see how that can form part of this enquiry. Mr. Demers' name only appears in accounting for the expenditure of a certain amount of money. Now Mr. Demers is not connected with the Government and is not a public official of any sort ; and the payment of a sum of money to him should not be the subject of enquiry here.

Because a man is a journalist it does not make him any the less a private individual. The payment to him cannot have any connection with charges brought against the Local Government, so I submit it is not a matter of enquiry which comes under the Commission under which Your Honours sit.

Mr. Casgrain :—

I wish to show that this money was used, almost altogether either in paying the of the party to which Mr. Pacaud belongs or in increasing its chances of success. pretend that these \$3,000 were paid with that object.

The Witness : -

I have no objection to show Your Honours what value Mr. Demers gave me, but to be protected so as not to be obliged to account to the public for the various transactions which I may have had with different persons.

Hon. Mr. Justice Jetté :—

We believe Mr. Pacaud, that it would be better for you to state the purpose for which it was given.

The Witness :—

Mr. Demers gave me a draft for \$3,000 upon the Provincial Secretary, accepted by the Provincial Secretary for a printing account to be paid at the next session. I took the draft and I deposited it in the Union Bank; I added the interest, I discounted the draft myself and I gave him \$3,000.

Mr. Casgrain :—

Q. Am I to understand that it was a letter of credit signed by Mr. Charles Langevin?

A. No, it was an ordinary draft.

Q. Payable after the session?

A. No at a date certain, I believe it was at six months.

Q. Now I see, that you state in a part of your evidence after having spoken of the Union Bank accounts that the account balances. You say: "there is an amount of expenditure corresponding to the \$60,000 and of the amount which I had to my credit I deposited the \$60,000." Had you a separate account for this Baie des Chaleurs matter? Had you at the same time other accounts at the Union Bank.

A. No, Sir.

Q. You had only the account for the Baie des Chaleurs matter?

A. I had only one account for all transactions.

Q. You had only one account for all transactions?

A. Yes.

Q. At all the banks?

A. At all the banks.

Q. Coming now to the Banque du Peuple, you state that you deposited \$3,000 at the Banque du Peuple to guarantee discounts; this was on the 10th of August, you say: "August 10th, to Mr. Dumoulin, to guarantee discounts at the Banque du Peuple \$3,000."

A. Yes,

Q. In another part of your evidence, you state that before leaving for Europe, you wished to withdraw your name from all the banks; what discount had you at the Banque du Peuple on the 10th of August?

(The witness takes communication of the Banque du Peuple statement)

A. That is an error of the accountant, it was not the tenth of August. What occasioned the error Your Honour, is that the cheque which I deposited with the Banque du Peuple

was dated the tenth of August. It was after that that I gave the cheque to Mr. Dumoulin, I gave Mr. Dumoulin as security for my discount, an accepted cheque on the Merchant's Bank; the cheque was dated the 10th of August and accepted by the Merchants Bank on the 10th of August.

Q. The tenth of August 1891 ?

A. Yes, the tenth of August last; and it was only subsequently on my return from Europe that I deposited that cheque with Dumoulin. That is the reason that it is entered on the 10th of August, the cheque is dated the tenth of August but was not given to Mr. Dumoulin on that date.

Q. Then the resolution that you had taken not to have your name any longer in the banks does not apply to the time that you have passed here since your return from Europe?

A. The explanation that I gave that I wished to retire all notes that I had in bank applied to my voyage to Europe, but since my return I have continued to carry on business as formerly.

Q. Now can you give the exact date when you made that deposit in the Banque du Peuple?

A. I cannot give the date exactly, that could not appear by the statement as the amount was not placed to my credit; the cheque was given to Mr. Dumoulin who keeps it; it has not been ever cashed. I believe.

Q. And you cannot give the date?

A. I can not give it exactly.

A. Now, I asked you this question yesterday: what notes, having Mr. Mercier's name did you discount at the banks between the 26th February 1891 and the 3rd March 1891?

Hon. Mr. Irvine :—

This was at a date anterior to this transaction and I do not see how the Commission can enter into it.

Hon Mr. Justice Jetté :—

What is the object of your question, Mr. Casgrain?

Mr. Casgrain ;—

Mr. Pacaud showed us some promissory notes, which had been endorsed by Mr. Mercier, and left with Mr. Pelletier; there was one that we could not find; we wish to have that one and I believe that we will be able to do so if I get that answer?

Hon. Mr. Justice Jetté :—

State your question.

Q. You showed us yesterday two promissory notes which had been endorsed by the Honourable Mr. Mercier before leaving and left with Mr. Pelletier; there was a third note which you did not show us; I wish to know if this third note represents or is the renewal any of the notes signed or endorsed by Mr. Mercier between the 26th of February and 3rd March.

Hon. Mr. Justice Jetté :—

Before you answer that question Mr. Pacaud, the Commission wish to put this question to you ; we see this note referred to as one of the notes given for general political purposes and with respect to which you privately gave explanations this morning ?

A. Yes. Your Honour.

Q. It was purely a political matter ?

A. Absolutely ; of the same character as the other notes which I produced.

Hon. Mr. Justice Jetté :—

We are disposed to dispense with Mr. Pacaud's answering that question for the moment.

Hon. Mr. Justice Davidson :—

I may at once state why I concur in this decision. I do so because it has an influence on other questions. We do not desire to have anything to do with transactions which were connected with purely party funds unless these transactions are shewn to have some immediate bearing on the inquiry before us. Now the note shewn to us convinces us that it was absolutely disassociated with this \$100,000. As a consequence we do not desire to press the inquiry further. Then with respect to the transactions between Mr. Pacaud and other parties they seem to me to rest on this basis, that we ought not to bring before the public the names of innocent parties unless *prima facie* they had to do with the disposal of some part of the \$100,000. Our conviction in that regard has more perhaps to do with the rights of these third and innocent parties than with any responsibility Mr. Pacaud may have or any desire he may evince to evade an explanation as to their details. Furthermore I am not disposed to adopt the general principle that because a transaction has taken place on a date removed from the dates within which Mr. Pacaud handled this \$100,000, that it is not a question into which we should inquire.

It is quite evident that the note now in question was a bit of party financing and has nothing whatever to do with the present matter.

Mr Casgrain :—

Q. How many signed blanks did Mercier leave with Senator Pelletier and how many did he leave with you ?

A. Mr. Mercier left three, as far as I can remember with Senator Pelletier, and he left none with me.

Q. He left you none ?

A. None.

Hon Mr Justice Davidson :—

Now, as I understand it, you have these three accounted for.

Mr. Hall :—

There is one not accounted for.

Hon. Mr. Justice Davidson :—

You have 86-1 ; you have the other which was discounted on the 30th July and the third we are now convinced, belonged simply to the financial transactions of the party.

By Mr. Casgrain :—

Q. Now, Mr. Pacaud, as to the letter which you wrote to Mr. Garneau, respecting the Baie des Chaleurs matter, do you remember whether that letter was written on a Saturday, the 25th of April?

A. I do not remember the date.

Q. See here : The letter was written by you on the twenty-fifth of April, a Saturday, and received by Mr. Garneau on that day ; now, on the twenty-seventh, which was a Monday, Mr. Garneau sends for you and tells you that you had been very indiscreet to write him such a letter?

A. No, that is not exact.

Q. In what?

A. In the fact, that Mr. Garneau sent for me ; inexact in that Mr. Garneau made use of that expression, that I was indiscreet.

Q. What expressions did he make use of?

A. Do you wish me to repeat again the conversation that I had with Mr. Garneau?

Q. I wish you to tell me whether, yes or no, he did not on that occasion tell you.....

A. No.

Q. He did not give you to understand that you had been indiscreet?

A. No.

Q. He blamed you for having written him that letter?

A. No.

Q. What did he say to you on that occasion?

A. On that occasion, I went to see him and said to him : " Mr. Garneau, I wrote to you you will pardon me if I interfere in a matter of that kind ; but it is a very serious business ; Mr. Thom threatens to leave : if he leaves, no one will take up the works of the Baie des Chaleurs railway, the road will not be built, the workmen will not be paid, and it will be disastrous." That is the substance of that conversation.

Q. This was after the passing of the Order in Council?

A. I do not remember whether it was before or after.

Q. You do not remember

A. I tried to be precise, to remember, but I do not know whether it was before or after the Order in Council ; it was during the negotiations.

Q. Now, I wish you to refer to the Union Bank account, which account was produced before the Senate, and which I want to produce here as **Exhibit No. 100**. Will you, if you please, Mr. Pacaud, notice that on the fourth of May, 1891, you had to your credit in the Union Bank only twelve dollars and forty-five cents (\$12.45). Will you make the calculation, please, and state if I am right?

A. I do not believe, Your Honour, that I am obliged to render an account of my banking operations before the date at which I commenced to receive money out of the Baie des Chaleurs transaction. I commenced on the 6th of May to receive money from

Baie des Chaleurs transaction, and I ask that I be not forced to answer upon my banking transactions previous to the 6th of May. g

Mr. Casgrain :—

I am obliged to make the same request to the Commission which I made yesterday. I could ask Mr. Pacaud to withdraw.

Hon. Mr. Justice Jetté :—

It seems to us to be a question which you should answer, Mr. Pacaud.

The Witness :—

A. I have sent for my books, and when they come I will tell Mr. Casgrain the exact amount I had on that day, if Mr. Casgrain wishes to know it.

Q. You do not wish to admit that this account is a correct account ?

A. You show me a sheet of paper that is not certified or anything ; I prefer to make my statement.

Hon. Mr. Justice Jetté :—

What is the number of that exhibit before the Senate ?

Mr. Casgrain :—

38. Your Honour.

The Witness :—

Upon consulting my bank book, I find that on the 6th of May I had \$6,000.20 in the Savings branch of the Union Bank.

Q. At what date ?

A. On the sixth of May, at the Saving Bank branch of the Union Bank.

Q. There were at that time in the Union Bank, some cheques against which that amount was charged ?

A. I do not know ; in any case, I know that I drew on the ninth of May.

Q. How much ?

A. I drew \$5,000.

Q. \$5,000 on the ninth of May ?

A. On the ninth of May.

Q. Will you now ascertain from your Union Bank book whether it is not true that on the fourth of May you had only twelve dollars and forty-five cents (\$12.45) to your credit ?

A. The balances are not entered in my book, Your Honours ; you may see the calculations I would have to make to find the balance.

(The witness shows his bank book to the Commission.)

Q. Will you if you please compare this statement here with your bank book and state whether it does not correspond as to the totals?

A. The judges have my book, I cannot make the calculation now.

Mr. Casgrain :—

Rather than delay the Commission, as Mr. Webb is to be called, we will get him to make the calculation.

Q. Did the endorsers of the signed blanks which were left here, Mr. Pacaud, ever require how the notes in question were paid?

A. Not specially. It was remarked to me by some of the endorsers that they had not heard of the notes.

"You succeeded in raising the amount required to pay them," or something like that, but nothing particular that I could mention.

Q. You stated, a moment ago that there were only three signed blanks left with Mr. Belletier?

A. Yes.

Q. Besides that there were other notes endorsed by Mr. Mercier?

A. Yes.

Q. Does the same remark apply to the other notes which were paid by you out of the Baie des Chaleurs money?

A. I cannot say whether it applies to one series of notes rather than to another, it applies generally to all the notes.

Q. Now, will you state, Mr. Pacaud, who made the statements which you produced here before the Commission, being Exhibits Nos. 86, 87, 88, 89 and 90?

A. I got Mr. Sancer, accountant of Montreal, to come here, and I said to him: "I am to render a full account to the last cent of the moneys which passed through my hands since I managed the Baie des Chaleurs business; here are all my cheques, all my notes, and my vouchers, and everything, prepare a statement of account for me, so that I may be able to give all the information that can possibly be given to the Commission." I gave him all my papers; he worked at my house; he prepared these statements, Exhibits Nos. 86, 87, 88, 89 and 90, and he told me: "You account for every cent." I had all the cheques. The statements prepared by the banks and the other statements, they are certified by the cashier.

Q. When did you draw the \$20,000 from the Saving's Branch of the Union Bank?

A. The \$25,000?

Q. Yes, the \$25,000 rather.

A. The \$25,000 I could retrace.....

Q. Was it not on the twenty-ninth of September?

A. It is not entered in my bank book, but it is since my return from Europe.

Q. But is it not true that it was on the twenty-ninth of September?

A. I can not say so absolutely.

Q. You have already said so in your evidence?

A. Probably from the bank statement.

Q. When did you return from Europe?

A. On the twenty-sixth of September.

Q. Then was it before the first of October that you drew the \$25,000?

A. I believe so, I believe that it was some days after my return.

Q. Mr. Webb has sworn it was on the twenty-ninth?

A. It is entered here in the statement, but the date is not given.

Q. Now, when did you send the \$20,000 to the National Park Bank of New York

A. I believe that it was on the twelfth of October.

Q. What did you do with the money in the meantime?

A. With the \$25,000?

Q. Yes?

A. I put them in my safe.

Q. In your safe.

A. Not the whole amount; I spent some of it.

Q. You spent some of it.

A. Yes.

Q. \$5,000?

A. Yes, out of the \$25,000; then I took \$20,000, I got a draft on New York, and I sent it to the National Park Bank.

Q. You state that between the twenty-eighth of September and the twelfth of October the \$25,000, apart from what you spent of the five thousand.....?

A. Remained in my safe.

Q. Remained in your safe the whole time?

A. Yes.

Q. Now, you mentioned two drafts that you sent to Mr. Mercier, that is, one made the fifteenth of May and the other on the second of July; is it not true that you sent him another sum of five thousand dollars (\$5,000)?

A. No, Sir.

Q. You are certain of that?

A. Oh! yes.

Q. Mr. Pacaud, I wish to ask you another question respecting the cheque for seven thousand five hundred dollars (\$7,500) on the Montreal Bank, which you had in your possession?

A. Well?

Q. Where did that cheque come from?

A. I believe, Your Honours, that I should not be forced to say. Mr. Irvine, my counsel, stated that he had personal knowledge of that and that it was a transaction that was altogether private, and had nothing to do with the Baie des Chaleurs matter.

Mr. Casgrain :—

It was out of that money that Mr. Pacaud sent to Mr. Mercier the second draft for five thousand dollars (\$5,000); then I would ask that at least the Commission should see that cheque if we can't see it.

Hon. Mr. Justice Jetté :—

We will suspend that question.

Cross-examined by Hon. Mr. Irvine :—

I declared in my examination in chief, that I had never agreed upon a price for my

services, either with Mr. John J. MacDonald or Mr. Cameron; I added that Mr. Hector Cameron had confirmed me on this point in a conversation I had with him, in London. Once I gave my evidence, I cabled to Mr. Cameron, telling him what I had stated before the Commission on this subject, and I received an answer from him.

Mr. Casgrain :—

This is not legal evidence, it is simply, for effect, for the gallery.

The Witness :—

I have here a copy of the cablegram which I sent to Mr. Hector Cameron, and I have Mr. Cameron's answer corroborating what I said here respecting him.

Hon. Mr. Justice Jetté :

That is not proof, that is a declaration, that is not sworn to.

Mr. Casgrain :—

I can state that our instructions are, that if Mr. Hector Cameron was here on oath, he would not state what is stated in that cablegram.

Mr. Bédouin :—

We will probably examine Mr. Murphy so as to get at the source of the information.

Mr. Amyot :—

As I know Mr. Cameron, I protest against this insult offered to him.

Hon. Mr. Justice Jetté :—

We cannot presume that Mr. Cameron would state on oath anything else that what is stated in the cablegram.

Mr. Casgrain :—

That is not what I insinuate; I stated that our instructions are, that if Mr. Cameron was here, he would not state on oath what is stated in his cablegram.

Mr. Amyot :—

That is pretty much the same thing.

Hon. Mr. Irvine :—

If this were considered as being of any importance, it would perhaps be necessary to issue another Commission to London to examine Mr. Cameron.

Hon. Mr. Justice Baby :—

We might perhaps go ourselves.

Hon. Mr. Irvine :—

With the counsel.

Mr. Béique :—

Certainly it would be necessary.

Hon. Mr. Mercier :—

And bring Pacaud also.

Mr. Casgrain :—

Is all that entered in the deposition?

Hon. Mr. Irvine :—

I am certain that Mr. Cameron would say nothing that he would not swear to.

By Mr. Béique :—

Q. On your voyage to Europe you were accompanied by Mrs. Pacaud, were you not?

A. Yes, Sir.

Q. And you have stated, I believe, that last spring you intended going to Europe?

A. Yes, Sir.

Q. With Mrs. Pacaud also?

A. Yes.

Q. Had you taken steps at that time to secure your passage?

A. Yes, I had secured my stateroom on board the steamer through Mr. Harris.

Q. At what date was that?

A. On two different occasions before I left.

Q. Now, you spoke of a draft for three thousand five hundred dollars (\$3,500), which was drawn, I believe, by you on Mr. Mercier, and which was paid by means of a note for four thousand dollars (\$4,000); will you state whether Mr. Mercier had accepted that draft for a consideration that he had received, or whether it was for your accommodation that he had accepted that draft.

A. It was a draft for three thousand dollars (\$3,000), which had been renewed by a note for three thousand dollars (\$3,000). It was not a personal debt of Mr. Mercier's; it was a political debt; that is the reason why we all together made the note, the two Mr. Langelier, Mr. Mercier, Senator Pelletier and myself to pay the note when due?

Q. Was it three thousand or three thousand five hundred dollars?

A. I believe it was three thousand.

Q. Can you verify the fact?

A. (After verifying.) Three thousand dollars.

Q. It was only that draft which was renewed by note?

A. It was only that draft which became due on the first of April, and renewed by a note for a similar amount, signed by me, endorsed by the Honourable Mr. Mercier, Israel Tarte, the Honourable Senator Pelletier and the Honourable Charles Langelier.

Q. That is the exhibit.

A. 89-3.

Q. Now, did you ever state, or give it to be understood by any of the members of either of the Macdonald syndicate or the Thom and Cooper syndicate that if the negotiations with the Government were not effected through you, that the proposals would not be accepted?

A. Never, nor did I ever use any language that might have misled them or made them believe that in any way.

Br Mr. Casgrain :—

Q. What is the date of that draft for three thousand dollars of which you have just spoken?

A. It was the twenty seventh of February.

Q. 1891?

A. 1891.

Q. Was it three thousand five hundred dollars?

A. Three thousand.

Before withdrawing, Your Honour, I wish to explain something respecting the amount paid to Mr. Louis Rainville, Prothonotary, at Arthabaska. His name appears in my statement of account, amongst the money which was transferred to me at London by cable. Mr. Rainville asks that it be thoroughly explained that it had nothing to do with Baie des Chaleurs matter; it was only as agent for Mr. Errol Bouchette that he wished to send me a sum of one hundred dollars (\$100). Mr. Bouchette had received three hundred dollars for Mr. Rainville, and that is how it happened that Mr. Rainville's name comes to have been mentioned. I give this explanation to comply with Rainville's request, who asked that the matter should be explained. It is item 88-155.

Hon. Mr. Justice Jetté :—

When we have the notes of your evidence complete, Mr. Pacaud, we will be able to tell you whether we have anything else to ask you. For the present we have nothing further.

The Witness :—

I shall in any case always be at the disposal of the Commission.

JOHN J. McDONALD, of Rivière du Loup, contractor, recalled, testified as follows :

By Hon. Mr. Justice Davidson :—

Q. You were to produce a statement to-day, were you not?

A. Yes Sir.

Q. Please do so?

A. Here it is (producing same.)

Q. You file it as **Exhibit No. 101**?

A. Yes Sir.

Q. What money difference does it show between the price at which you offer to build the road and the contract entered into with the new syndicate under the Orders-in-Council—**Exhibits No. 1 and No. 2**?

A. \$420,000. That is how I made it out.

Q. You make it \$420,000?

A. Yes Sir: I am \$450,000 and they are \$370,000, including the Cascapedia bridge.

Q. You say \$420,000?

A. I thought you asked me the difference between the two offers. I offered to do it for \$450,000, and theirs is \$370,000, making a difference of \$80,000.

Q. Were the debts to be paid by an advance, or were you to pay them out of your own pocket and wait until the work was done?

A. I was to get no money from the Government until I had 80 miles of the road finished.

Q. You stated that Mr. Cooper wanted you to pay \$150,000 to permit you to go into the new contract?

A. He was to transfer the contract to me. He would not give me an interest in it.

Q. The whole contract?

A. The whole contract.

Q. What was that \$150,000 supposed to represent?

A. I was to get the contract for that. They claimed there was \$300,000 in the contract.

Q. Have you some further papers?

Mr. Béique :—

We have asked Mr. Macdonald to produce his books containing his estimates of the work as shown Mr. Mercier.

The Witness :—

I have found some other papers since I was here before.

Mr. Hall :—

The witness was asked about some resolutions—Railway Resolutions—under which the grant was made.

By Hon. Mr. Justice Davidson :—

Q. Produce what you have.

A. Here is the first resolution that was shown me. It speaks of 10,000 acres of land from Metapedia to Cascapedia. That is the portion of the road which was built. That is the clause I objected to.

Q. You might read that portion of the clause to which it refers?

A. "To aid in completing the Baie des Chaleurs Railway Company on a length of about 60 miles from Metapedia Junction to a point near Cascapedia River a subsidy of about 10,000 acres of land per mile, in all not to exceed 600,000 acres."

(Copy of Resolution filed as **Exhibit No. 102.**)

This (producing same) is a copy of a resolution in French. I am not sure whether I had an English one or not. I understand this to be the law as now passed for 80 miles of the road 800,000 acres of land. This is the same as the resolutions which now appear in the statute, and which was the one I showed to Mr. Irvine, when I consulted him.....Here is another paper I found. It is Mr. Bailey's report upon the structures. It was given me by Mr. Charley Armstrong among the papers. It has not been returned to him.....Here is

another statement of Mr. McFarlane's debts—a list of his creditors—got from the Court in Montreal, I believe. I now leave in the possession of the clerk of the Commission a list containing the names of the creditors and the amounts due by Mr. McFarlane. Now I have two letters written by Mr. Cameron and Mr. Irvine,—part of them are of a private nature.

Q. Do you object to those letters being filed?

A. I will read a part of one of them. I produce a letter dated Quebec 11th March, 1891, addressed to Mr. Hector Cameron, Q. C. by Mr. Irvine, Q. C. It contains references of a private character, and I read the following which contains the only clause which refers to the Baie des Chaleurs Railway Company:—"Pacaud told me yesterday that Armstrong had formed a syndicate for the purchase of the Baie des Chaleurs Railway, and had settled with Riopel that he was to see Mercier about it to-day. I telegraphed to John J., but I have not heard from him. Yours truly, George Irvine." I produce and file as **Exhibit 103** a letter dated Quebec, 17th March, 1891, addressed to Mr. Cameron, Q. C. by Mr. Irvine.

Q. Is that all?

A. I also have a copy of a letter written by Mr. Cameron to Mr. Mercier, from Montreal, February 7th, 1891.

Mr. Beique:—

Q. Will you read the other one first,—No. 103.

(The letter was then read as follows:)

135, St. Peter street,

QUEBEC, 17th March, 1891.

MY DEAR CAMERON,

The day Pacaud left for New York to see Mercier off, he called on me and told me that Armstrong had made an arrangement with Riopel to take over the Baie des Chaleurs Railway on behalf of a syndicate which he had succeeded in forming, and that they were to see Mercier on the following day and endeavor to arrange with him.

He, Pacaud, then asked me to telegraph to Macdonald and tell him of it, adding that of course he would have the first chance and that he would have time to consider. It appears that Armstrong went part of the way to New-York with them, and the subject was discussed. Pacaud then wired me from New-York to try and get Macdonald to make up his mind, that they considered he had the preference but that they did not like to lose a chance. I answered that you and Macdonald were to be here on Monday and that I would telegraph after seeing you. When I heard from you that you were not coming I telegraphed to you to the Mayor, asking you to wire Pacaud at Brunswick Hotel, New-York, on the subject. Did you receive my message? I don't think it likely that an enterprise such as they contemplate could be organized in such a hurry, particularly as Mercier I am sure would prefer to consult with Macdonald, but I was anxious that Macdonald should have at once information of everything that was going on, so I immediately telegraphed all that I heard, but I

am not sure whether my message reached him. Pacaud is still in New-York and is expected to be here on Friday.

Yours very truly,

GEORGE IRVINE,

I now produce and fyle as **Exhibit No. 104**, dated February 7th 1891. a letter addressed to Honourable Mr. Mercier by Mr. Cameron, and which reads as follows :

The Windsor, Montreal, 7th Feby. 1891.

My dear Mr. Mercier,

Mr. Macdonald and I saw Mr. Riopel yesterday in Ottawa about the Baie des Chaleux matter and proposed a definite basis for settlement of the business, It involves an assurance from your Government that you will arrange the subsidy so that we should be ensured \$10,000 per mile on the road to Paspebiac, and that you would acquiesce in the confirmation of the Quebec charter by Dominion Act with amendments as to the bonding power &c., which we require. This being assured and the company consenting to our proposal, we will undertake the business and complete the work.

As we have told you if we become the company, we would do it on business principles and would use no political influence on either side.

I should have been glad to have remained to see you here, but I must go to Toronto to-night.

Macdonald will be in Quebec on Wednesday or Thursday next and in the meantime in Ottawa where a letter or telegram will find him.

Yours very truly,

HECTOR CAMERON.

Hon H. Mercier, Montreal.

This (producing same) is a copy of Mr. Thom's letter to Mr. Moreau, of 24th of April. In my evidence I called this an Order in Council, but I do not suppose it is properly so. He (producing same) is my letter of November 15th, a copy of which was sent to Mr. Mercier.

Q. Is that in the public record ?

A. Yes, Sir, I presume it is. I fyle this paper as **Exhibit No. 105**. Now this producing same is the book Mr. Mercier has asked me for. It was made out for my own private use. There is a lot of figuring on it, and I have no objection to anyone looking at it, but it is a private book of my own. I would not like to lose it, so perhaps I need not fyle it.

Mr. Béique :—

I would ask that this book be deposited with the Commission. Mr. McDonald will of course get it back.

The Witness :—

Well, as I said I would not like to lose it. It contains figures made only for my own private use, but there is no objection I suppose to having it deposited.

Hon. Mr. Justice Davidson :—

It does not make any particular difference, I presume. You don't mind if it is left here.

The Witness :—

Very well, Sir.

By Mr. Hall :—

Q. The railway resolutions that you filed as **Exhibit 102**, were they copies of the resolutions that you first got when you went up to the buildings?

A. Yes, Sir.

Q. About which you made an objection?

A. Yes, Sir.

Q. I think you have heard the evidence given by Mr. Pacaud here with reference to there never having been any sum of \$50,000 mentioned by you to him?

A. Well, I do not understand French. I was told that he said so.

Q. He, in effect, said that there never was any mention made of any sum of \$50,000 now I would like you to recall any circumstances or matters which will assist you in saying that you are positive in the statement you made the other day to the effect that he said?

A. In making out my estimate as to what I could afford to do the work for I put in \$50,000 though I did not say anything to him about it at the time, but afterwards when we were walking down from the Parliament buildings I told him I had put \$50,000 in my estimate for him and he said that it wasn't enough.

Q. Are you perfectly positive about having made that statement?

A. I am perfectly positive. I couldn't be more positive of anything.

Q. Mr. Pacaud also stated in effect that he was surprised at hearing that any such sum of \$50,000 was mentioned, and that he only expected to get \$3,000 or \$4,000. Can you tell us how it was he was astonished?

A. Well, I am very much astonished at hearing that Mr. Pacaud was astonished at the mention of any such sum, judging from the moneys I have paid him before. I paid him \$4,000 for four thousand dollars for an estimate on \$30,000, and was forced to do it.

Q. Mr. Pacaud also states that he had a conversation with Hector Cameron some time last summer.

Mr. Bédouin :—

I object to the witness answering, all these questions in the absence of Mr. Irvine.

Mr. Justice Davidson, (to Mr. Hall) :—

Are you going to press this question any further?

Mr. Hall :—

No, Sir.

Hon. Mr. Justice Davidson :—

Well, I think the witness had better answer it.

The Witness :—

I don't know whether he had a conversation or not. What was the conversation about?

By Mr. Hall :—

Q. I want to know whether you are aware that Mr. Pacaud had a conversation with Mr. Hector Cameron some time last summer with reference to this statement that you had said to Pacaud that you would put \$50,000 in the estimate for him, and Mr. Pacaud stated that Mr. Cameron was surprised at this. I would like to know if you ever mentioned to Mr. Cameron that you would put or had put the sum of \$50,000 in your estimate?

A. Yes, Sir, I told him in a conversation I had when I returned to the hotel from the Parliament buildings.

Q. Did you tell Mr. Cameron that you had put \$50,000 into the estimate?

A. Yes, Sir, I told him soon after that. He was at the St. Louis Hotel, and when I got there I told him.

Q. Mr. McDonald, in this book where you put in your estimate or calculation there is a sum of \$50,000 mentioned there?

A. Yes, there is. Here is a place where it says "For sundries, interest, etc., \$50,000." I have put in another place "\$200,000 to pay debts," which included Mr. Pacaud's. I generally put it under the head of sundries.

Q. Is there any indication in the way of paging in your book?

A. No, Sir, it is not paged. Here is "Debts to be paid \$200,000, interest \$40,000 engineering \$20,000."

Q. In another place you have \$200,000 to pay debts?

A. Yes, Sir, that is \$150,000 for Riopel at that time and \$50,000 to Pacaud, which makes the \$200,000. I think also I have it in another place if I am not mistaken. Yes, here is another place where I say "Debts to pay \$200,000," and showing a profit of \$96,095, in the figuring. There is another place \$200,000, the same way. I think I might state also that Mr. Riopel or Armstrong asked me what I was paying Pacaud, and I told them I wasn't paying anything, because I never entered his name or admitted to any person except to Mr. Cameron that I was doing any such thing.

Q. That was a matter of delicacy with you?

A. Well, a matter between ourselves. It was my own business.

By Mr. Beique :—

Q. You have produced letters here as Exhibits No. 103 and 104. and you have exhibited another letter of 11th of March from which you have quoted a portion. Those letters I suppose you were made aware of at the time they were written.

A. I can't say that. Mr. Cameron handed them to me some time after.

Q. When?—a few days after he got the letter from Mr. Irvine?

A. I suppose it was communicated to me a few days after. I think the first intimation I got was with reference to Mr. Irvine being in New-York and wanting an answer.

Q. It was before you left for Europe?

A. Yes Sir.

Q. You left for Europe at what time?

A. I have got a memorandum somewhere giving the date. I think it was the 25th of March.

Q. Isn't it the 19th of March?

A. No. Sir. I think the 25th. I thought I had a memorandum that I took down below. I thought it was the 23rd of March that I met Mr. Pacaud in Montreal on his return from New-York.

Q. You can't state exactly the date that you left for Europe?

A. I think I remember that it was on the 23rd that I saw Pacaud, and it was the 25th I sailed.

Q. This book that you have deposited with the clerk of the Commission contains your estimate of the expenses that would be required to complete the first sixty miles of the road and your estimate of the cost of the work to complete the forty additional miles?

A. An estimate of what I considered it would cost to complete the first sixty miles and the cost up to the time the statements were all copied into that book. I afterwards did some more figuring in trying to get closer.

Q. Any way this is the book that you showed Mr. Mercier at the time you had the interview with him as you mentioned?

A. Yes, Sir.

Q. At the time you were accompanied to his office by Mr. Cameron?

A. No, I think I showed him that in the Speaker's room. I don't think Mr. Cameron was with me at the time.

Q. Will you state from those estimates what was the amount entered in your book, shown Mr. Mercier, for the completion on the first sixty miles from Metapedia to Cascapedia?

A. This shows \$69,230. I think I called it generally \$70,000.

Q. Will you state from that book what was your estimate of the cost of the forty additional miles from Cascapedia to Paspebiac?

A. It is figured up in different ways here. One shows \$19.80.

Q. I am speaking of the estimate you showed Mr. Mercier?

A. I didn't show him any particular estimate. These are the totals for the seventieth and the eightieth miles as given me by Mr. Leduc and Charles Armstrong, seeing that the quantities were not taken in cross sections. In several places I have added ten per cent and increased the prices.

Q. Will you say if you do not find the following entry in your book: "Estimate from the 60th to the 70th mile"—well, you might take the book yourself and explain it?

A. This is an estimate from the 60th to the 70th mile.... the bulk sum is \$243,877.

Q. Will you say if you do not find in your book the following entry: "Baie des Chaleurs Highway: estimate of work required to be done from the 60th to 100th mile" and then: "Estimate from the 60th to the 70th mile" and then the totals amounting to \$247,877?

A. It is \$243,877, being \$4000, less, because here is an additional deduction, as you may be indicating the same.)

Q. That was from the 60th to the 70th mile ?

A. Yes, Sir.

Q. Will you go on and find from the 70th to the 80th mile ?

A. From the 70th to the 80th mile \$148,746.25. From the 80th to the 90th mile 287.75. From the 90th to the 100th \$114,407.

Q. And the totals from each of these amounts make up the grand total ?

A. As far as they go, but there is a great deal more which is not in this. There are notes at the bottom of every one of these of a good deal more work to be done.

Q. What was your total from these figures of your estimate to complete the road to Paspebiac ?

A. Here is a statement which I have figured up. These figures I have just amounted to \$702,317. Then I have in making up the estimate of work to be done on the sixty miles less rolling stock \$52,000: rolling stock on the whole 100 miles \$65,000. From the 40th to 60th mile \$700,000. For sundries and interest \$40,000. Debts to pay \$200,000,—\$1,059,000. Now come the subsidies: Dominion Government \$95,875: Quebec Government \$400,000. I have not taken the Cascapedia bridge in that at all. Amount from bridge \$650,000. That would leave \$86,876 according to that figuring. I might state since to these items that these figures are good contractors' figures that I would make a profit. There were a great many contingencies that I would have to contend with, but I held a general way that I would have \$80,000 to \$100,000 profit. While I discussed these things generally with my engineer, they have not been entered in that book. The fact is that there was a good deal of figuring done after this book was made. I had a lot of sheets of paper with figures on and I gave them to my book-keeper and he put in a lot of figures such as Mr. Leduc's figures for instance.

Q. You are not positive that this book was shown to Mr. Merchier in the Speaker's room ?

A. I remember showing it to him once, and I think it was in the Speaker's office, but I would not be positive about it.

Q. You have stated that in this book somewhere you have entered \$200,000, to pay debts of the company ?

A. That is the debts and Mr. Pacaud.

Q. But Mr. Pacaud's name did not appear ?

A. In nothing that I wrote.

Q. It does not appear ?

A. No, Sir, I might say that I increased the offer since then because I added \$25,000 when I met Mr. Riopel. At first, it was \$150,000 and I increased it to \$175,000.

Q. Did you ever say to Mr. Mercier or intimate to the Hon. Mr. Mercier what was the item of \$200,000, which was proposed ?

A. No Sir.

Q. Or whether it comprised any payment to be made to Mr. Pacaud ?

A. No Sir, I never did.

Q. Will you say what this estimate of \$200,000 does comprise ?

A. It comprises \$150,000 to be deposited in the bank of Montreal to pay off the debts.

£ company to Mr. Riopel, and \$50,000 I proposed to pay Mr. Pacaud during the progress the work, which I increased afterwards to \$175,000, so far as Mr. Riopel is concerned.

Q. This \$150,000 afterwards increased to \$175,000 to Mr. Riopel what was it was intended pay?

A. It was intended to pay the debts of the company as far as I was aware.

Q. What debts?

A. There were debts on the road which I understood had to be paid in full. Those were the instructions of Mr. Mercier, and I got some statement in the Department, and think I allowed them to be \$42,000 to pay the amounts due along the road according to the statement I saw at the time. I think it was about \$42,000, and I think Mr. Cooper's amount was \$18,000.—somewhere about that—and he was to have got his proportion of whatever we paid the others,—the Ontario Bank and the Eastern Townships Bank, whatever portion they were to get,—30 or 40 per cent—Cooper was to come in for the same price, but he contended that he was guaranteed by Armstrong also, so that his amount would have to be paid in full, independent of what was going into the bank.

Q. What was the amount going to Mr. Riopel,...about?

A. I sometimes thought about \$40,000. It would all together depend upon the settlement they would make with the outside creditors.

Q. What was it to cover?

A. They were to transfer to me the stock,... that is all I was to get from them,... the stock of the company. I contended that they were well paid already out of the moneys advanced by the two Governments for that 60 miles.

By Hon. Mr. Justice Davidson :—

Q. Do you include Mr. Armstrong?

A. Yes, but I told that to Mr. Riopel. I had some conversation with Mr. Armstrong, but Mr. Riopel always preferred to consider their two accounts together to be settled between themselves. I already understood that he had a written offer of \$50,000, as the sum that Mr. Armstrong would take, but Mr. Thom told me that Armstrong would take \$30,000.

Mr. Bêique.

Q. So that the amount you were to pay Mr. Riopel and Mr. Robitaille was for the purpose of your getting possession of the stock and the road?

A. Yes Sir, and to pay those debts, and if there was anything left after those debts were paid, Mr. Riopel and Mr. Armstrong would have it themselves.

Q. You say you went to England about the 25th of March?

A. I think it was the 25th of March.

Q. While in England will you say if you tried to float the bonds of the Baie des Chaleurs Railway Company?

A. I spoke to Mr. Heaton Armstrong and told him that there were arrangements going through Mr. Cooper, and probably I would be with him, and he was getting \$160,000 from that I got from the Government, and if the thing went through I wanted to know if he would be prepared to take the bonds on the same conditions as he would if I were doing business myself. He said that when everything was in shape to let him know and he would look into the matter.

Q. You have already stated that you have been examined about this matter before the Committee of the Senate. Mr. Macdonald?

A. Yes sir.

Q. Will you refer to the Blue Book containing a copy of your examination on pages 79 and 81, and say if the following is an extract of your deposition as given before the Senate Committee :

" Q. Did it cover anything else?

" A. Well, I thought I would have to pay some other things which perhaps need not be discussed here.

" Q. I think we will have to ask you what it did cover?

" A. Well, I put into my estimates of \$225,000 the sum of \$50,000, likely to be paid to Mr. Pacaud during the progress of the work.

" Q. \$50,000, as the subsidies became due, I suppose?

" A. Well, I would be always wanting favors with the Government, just as they turn up. As the work progressed I might be required to get some subsidies paid before the time called for by the contract.

" Q. You do not mean any favors to which you were not honestly entitled?

" A. No.

" Q. What Government do you refer to?

" A. The Mercier Government.

" Q. That is, you might require some favors of finances to the contractors which are quite usual, out of this Government subsidy of \$400,000?

" A. Not usual. They are very strict generally.

" Q. Did you think that Mr. Pacaud, if he got something, might secure you the payment of subsidies which were legitimately due you?

" A. I do not doubt that what I had in view was to have him assist me at any time when required assistance.

" Q. And that is what you calculated?

" A. That is what I put in my estimate.

" Q. To go to the recognized intermediary between the Provincial Government of Quebec and yourself?

" A. Yes Sir.

" Q. Why did you come to that conclusion with regard to Mr. Pacaud?

" A. Well, he was acting for me as agent, and if he did anything for me I was prepared to pay him for it.

" Q. Why did you expect to pay for that.

" A. I am not prepared to say here.

" Q. Was it from past experience?

" A. I do not care to go into my past experience. It is not here under discussion.

" Q. I do not wish to press you further except to ask one question. We are dealing with the \$280,000 subsidy here. Was it from past experience that you expected to pay that?

" A. I suppose it was really that.

" Q. That was the only reason, was it not?

" A. That is all, Sir, yes.

Q. Now, Sir, was that the evidence you gave?

A. Yes, Sir.

Q. That is the whole of the evidence you gave before the Senate Committee having reference to that?

A. I don't know whether it was or not. It will show for itself.

Q. But do you find anything else in your deposition before the Senate Committee giving any other reasons for your mentioning that you had put aside \$50,000?

A. My answer "my past experience" would be about the answer to that question.

Q. Now, you have stated that you considered that the Cooper syndicate was getting \$160,000 more than you had been asking before. Will you say why you did not apply to the Government for a like subsidy before the Government negotiated with the Cooper and Thom syndicate?

A. I applied for \$10,000, per mile for the 40 miles to be built. That included the old subsidy of \$280,000 due on the road, which made an increase of \$3000 per mile. I wanted \$10,000 per mile. When I saw that clause in the first resolution there of 10,000 acres of land from Metapedia to Cascapedia I saw under that that they could not give me the money I required to build the forty miles, and I called Mr. Pacaud's attention to it, and the clause was then changed into the shape in which it is now, and Mr. Pacaud told me that Mr. Mercier had written the clause as it was there, and under that I could get the money. It applies to 80 miles of the road. If you take four hundred thousand for forty miles and take it at 35 cents per acre, which was the price at which the land per acre was convertible \$140,000 with the \$260,000 would give \$10,000 per mile, as there was \$20,000 spent of the \$280,000 between the 60th and the 70th mile. Now that is all I looked for or expected. That is all I expected the statute to be. I took it down to Mr. Irvine, and he said that under that clause he thought it was all right. He said that with an Order in Council they could give it to me. I was quite satisfied with that, and so I said nothing more. After I saw Mr. Thom and heard he was getting \$160,000 more than I was to get, I could not come to understand how they came to make an offer of \$160,000 more to a syndicate without a practical man in it, and they said they wanted a practical man and that satisfied me as long as I got in it. I then saw in writing the Order in Council.

Q. Are you referring to the letter?

A. The Order in Council may be with the letter. We have the Order in Council here to show however. I saw this letter when I made this statement to Judge Davidson the other day—I thought then that the last 35 cents was also cash, but I was not clear about it, as I said in my evidence in the Senate, but when I got those letters of Moreau, I saw they were getting the whole 800,000 applied to the forty miles at 70 cents per acre. I said sometime afterwards to Mr. Pacaud that I did not think he had treated me properly when he was acting as my agent and I was prepared to pay him,—that he should have told me what the Government was prepared to do. He said: "we are prepared to give you whatever the law allows." I did not know how much it allowed and I told him he should have advised me.

Q. Mr. Pacaud was not your legal adviser? Mr. Cameron was that?

A. Mr. Cameron was not. It was Mr. Irvine who said it was a very extraordinary clause.

Q. Well, I will ask you as a matter of fact whether Mr. Irvine and Mr. Cameron were not your legal advisers?

A. In making the agreement they were, yes.

Q. They were the parties you consulted about the statute and the question of the subsidy?

A. I consulted Mr. Irvine as to the interpretation of that clause.

Q. Didn't you confer with Mr. Cameron about the statute granting the subsidy?

A. Under that clause? I don't know as I called his attention to it particularly. I have no doubt however that Mr. Cameron saw it.

Q. Do you know that the statute was passed in December last?

A. Yes, Sir.

Q. You had from December till the middle of March to decide as to whether you would accept the subsidy as granted by the statute. Why did you not in the mean time write to the Government and intimate to them that you were willing to accept the subsidy as granted by the statute.

A. I doubt very much whether the lawyers themselves would have been able to have interpreted the statute.

Q. Why did you not in the mean time from December to the middle of March intimate to the Government that you were willing to undertake the construction of the works on getting the benefit arising from the subsidy as voted at the last session?

A. After I showed it to Mr. Irvine, I never anticipated it was more than \$10,000 per mile. I would not have been at all backward about taking the 800,000 and if I thought I could have got more I would have asked for it very soon.

Q. You stated that you had in your possession a French version of the statute as passed

A. Yes, Sir.

Q. And you had also an English version of it as passed?

A. Yes, I think I had, but I did not know where these copies were.

Q. You were in Quebec when the Railway Resolutions were passed by the House?

A. Yes, Sir.

Q. And you were looking for that especially?

A. Yes, Sir.

Q. And you had an English version of it and a French version also?

A. I presume I had.

And thereupon the Commission adjourned till 2 P.M.

2 o'clock, p. m., the 28th October, 1891.

JOHN J. MacDONALD, of Rivière du Loup Railway contractor continues his deposition as follows:

By Mr. Béique:—

Q. In your evidence before the Senate Committee did you not say as follows:

" Q. Was that offer of \$175,000 accepted by Mr. Riopel?

" A. I thought so. I think it was sometime in January; perhaps it was February towards the end of January or the beginning of February. I supposed he had accepted my offer and I wired for Mr. Hector Cameron, who was in Toronto or Ottawa, to com

down to Quebec, that I had arranged with Mr. Riopel, and that I wanted him to have the agreement made out, and I also wished the Hon. George Irvine as solicitor in Quebec, to assist Mr. Cameron in looking into the matter. When Mr. Cameron arrived in Quebec, I saw Mr. Irvine, and made an appointment at his office to arrange the agreement. Mr. Cameron and myself met Mr. Riopel with Mr. Charles N. Armstrong in my room in the St. Louis Hotel. Mr. Riopel then said he had not agreed to the arrangement; he insisted on getting an interest in the contract and wanted me to assume all the debts without knowing what they were. I refused to go in and the thing broke off at that."

Q. Was that the evidence you gave before the Senate Committee?

A. Yes, Sir.

Q. Then that was the reason you assigned for not going into the transaction?

A. As far as Mr. Riopel was concerned.

Q. Will you turn to page 87 of the proceedings and evidence before the Select Committee of Railways, Telegraphs and Harbours of the Senate, and say if you did not again speak as follows :

"Q. In your negotiations with Mr. Mercier, with respect to your taking over this work and completing it, you and he came to the terms that he offered. Were they satisfactory to you—the \$400,000 which Mr. Armstrong, of London, proposed—did you and the Quebec Government have any difference, was this proposed undertaking of yours broken off on account of any difference with the Government of Quebec?"

"A. No. It was broken off because Mr. Riopel did not agree that he had arranged with me for \$175,000, and I insisted on getting better terms, and I would not give it to him."

Q. That was your evidence?

A. Yes, Sir.

Q. Then, in your evidence before the Senate Committee you assigned no other reason for breaking off negotiations than because you could not agree with Mr. Riopel?

A. That is all, Sir.

Q. Now, will you turn to page 93 and say if in the same deposition, when speaking of the interview that you had with Mr. Riopel at the St. Louis Hotel, as mentioned above, you were not asked the following questions and answered as follows :

"Q. At the end of that interview did you not forcibly say that you would have nothing more to do with the thing?"

"A. We had some sharp words.

"Q. Did you not say you would be damned if you had anything to do with the concern?"

"A. I may have said so."

That evidence before the Senate Committee was correct?

A. Yes, I believe it is as far as I can recollect.

By Mr. Hall :—

Q. After this time that you had the interview with Mr. Riopel there were some further interviews between you and Mr. Pacaud and Mr. Armstrong about taking up the matter again?

A. I don't know if when I say the interview with Mr. Riopel is correct. I say there January or February. I think perhaps it was near the end of February. I am not clear in the dates with the exception of that, it is pretty near correct.

By Mr. Beique :—

Q. After that interview which you had with Mr. Riopel, as you have stated above, had you any communication with any of the ministers?

A. No, Sir.

Q. Now, when you met Mr. Mercier in the Speaker's room at the Parliament House, do you remember that Mr. Desmarais the member for St. Hyacinthe was present?

A. I do not know. There were several in the room.

Q. You knew Mr. Desmarais at the time?

A. That was the member who acted as solicitor for Mr. Macfarlane?

Q. Yes,

Q. You knew him?

A. Yes.

Q. Don't you remember that he was present at the interview which you had with Mr. Mercier, when you discussed the Railway Resolutions and that he discussed the matter with you?

A. No, Sir, I have not the slightest recollection of it. I don't think he did. I would not say he did not. I have not the slightest recollection of it. I have frequently spoken to him at the St. Louis Hotel. My conversation about that road was with Mr. Pacaud principally.

Q. You have discussed that matter with Mr. Desmarais?

A. Oh, I would not say that I did not; because, as he was solicitor for Mr. Macfarlane, I may have done so.

And further the deponent saith not.

THE HONORABLE HONORE MERCIER, Prime Minister of the Province of Québec, being duly sworn upon the Holy Evangelists, doth depose and say :—

By the Honourable Mr. Justice Jetté :—

Q. From the evidence and documents already before us, we understand that, before your departure for Europe, you had certain conferences either with Mr. Macdonald or with other persons respecting the reorganization of the Baie des Chaleurs Railway Company.

A, Yes Your Honour.

Q. A proposal from Mr. Macdonald was before you?

A. Yes, a proposal had been made before my departure. I cannot say that it had yet come before us.

Q. Now, this proposal was not accepted? Had there been a decision as to this proposal before your departure?

A. The correspondence would perhaps better show what was the real situation of Mr. Macdonald's proposal, than my own judgment, and if you allow me I will read the correspondence. On the 15th November, 1890, I received from Mr. Macdonald, who has been heard as a witness, the following letter, which I translated into French. I have the original. I have had the English version written in type writer, so that I can give both versions to the

Commission. I produce both versions of that letter—English and French,—as **Exhibit No. 108.**

QUEBEC, November 15th 1890.

HON. H. MERCIER,

Quebec,

Dear Sir,

As I intimated to you at an interview which I had the honour of having with you in reference to the Baie des Chaleurs Railway, I have since carefully investigated the matter and have had numerous discussions with officers of the Company and the contractors with a view of making arrangements for obtaining a transfer of all existing interests in the road and for the payment of all local liabilities and debts of the company and the contractors and I have also made careful personal examination of the entire line of railway from Metapedia to Paspébiac in company with my engineer and I have made a careful estimate of the cost of the work requiring to be done to complete the entire railway. I have also looked into the financial affairs of the company and its resources and I have made such arrangements as would enable me, in the event of the completion of the proposed settlement with the company and the contractors, actively to prosecute the construction and completion of the road without delay and the liquidation of all existing local liabilities connected with it; but in order to do so I find it is absolutely necessary that further aid from the Province of Quebec should be given to the enterprise, as the cost of the work to be done and the settlement of the existing liabilities and claims of the enterprise and the providing of the requisite rolling stock and equipment for the road will entail an expense of about \$19,000 per mile for the 40 miles yet to be built including the construction of several expensive steel bridges with very costly piers and abutments which are essential to make a satisfactory road. The completion of the 60 miles already built will also involve an outlay of about \$70,000.

As the result of all my investigation of the matter, I would be prepared to enter upon the enterprise if the Government of the Province of Quebec would give a subsidy for the 40 miles yet to be completed, of \$10,000 per mile, one half of which I would ask should be made payable when 20 miles of the 40 are completed and the 60 miles already built are put in working order, and when such progress has been made with the remaining 20 miles as would satisfy your Government of the completion of the whole work, the remaining half of the subsidy should be made payable on the completion of the entire road with adequate rolling stock and equipment to the satisfaction of your Government.

With an assurance from you that your Government will entertain this proposal favourably and recommend Parliament to grant this aid to the enterprise, I will endeavour to complete the necessary arrangements with all existing interests for acquiring the absolute control of the whole enterprise so as to enable me vigorously to prosecute the work and have reason to believe that I can succeed in making the necessary arrangements with all parties concerned for that purpose.

I think it my duty to call your attention to the fact that unless immediate steps are taken for the protection of a portion of the road already built but now exposed to the action of the weather, very serious injury will be done to the work, involving a future expenditure of a very large amount to replace the damage which a small outlay at the present time would save.

I have also to observe in reference to the estimated cost of completing the first 60

miles, that the rolling stock now on the road is of a very inferior character and that a large outlay will be requisite to provide adequate rolling stock for that portion of the line.

I have the honour to be, &c.,

JOHN J. MACDONALD.

To that letter, I merely gave an acknowledgment of its receipt by the following letter, which I produce as **Exhibit No 107**.

PRIME MINISTER'S OFFICE,
Province of Quebec,

Quebec, 17th November, 1890.

Sir,

I have the honour to acknowledge receipt of your letter of the 15th instant, respecting the Baie des Chaleurs Railway Company, and to inform you that I shall immediately take it into consideration.

I have the honour to be,

Yours very faithfully,

HONORÉ MERCIER.

JOHN J. MACDONALD, Esq.,

Quebec.

That was in the middle of November. Matters remained thus for some time. I submitted Mr. Macdonald's proposal to the council of ministers, and the result of our deliberations was sub-section (j) of section 1, of chapter 88 of the Act 54 Victoria, that is the resolution under which the subsidy now being discussed was paid. But before coming to that, this is what occurred :

On the 5th of December, Mr. Hector Cameron, Queen's Counsel, of Toronto, and Mr. Macdonald's solicitor, sent me the letter which I produce, in English and French, as **Exhibit No 108**—the translation made by me or under my direction.

QUEBEC, 5th December, 1890.

HON. MR. MERCIER,

Quebec.

Re Baie des Chaleurs Railway.

Sir,

Having been instructed by my clients, Messrs. Armstrong & Co., of London, England, bankers, to investigate the position of this enterprize and to negotiate with the parties interested in it, with a view to arrange and reconcile all the conflicting interests in and claims on the road, I have during the last month devoted my best attention to the matter.

My clients were prepared to purchase the bonds of the company advancing the amount required to obtain the guarantee of interest for ten years from the Province of Quebec and to advance also whatever funds were required to settle with all existing interests on the

PRIME MINISTER'S OFFICE.

Province of Quebec.

QUEBEC, 9th December, 1890.

Sir,

I have the honour to acknowledge receipt of your letter of the 5th December instant, respecting the Baie des Chaleurs Railway Company.

I have the honour to be,

Yours faithfully,

HONORÉ MERCIER.

HECTOR CAMERON, Esq.,

Quebec.

My colleagues and I had understood that all negotiations with Mr. Macdonald were, from that time, at an end, seeing the declaration of his solicitor Mr. Cameron. However, we did not think that we should abandon the project, and on the 22nd December I submitted to the Legislature the resolutions in question for the 800,000 acres of land. These resolutions, as Your Honours are aware, were adopted by the House. They are in the Statute 54 Victoria, chapter 88, section 1, sub-section (j).

When I submitted these resolutions to the House, with the authorization of the Lieutenant Governor, I was called to the Speaker's room. I went there and found Mr. Macdonald, Mr. Pacaud, Mr. Desmarais and some others. Mr. Macdonald already had the resolutions. The time taken to make my speech had allowed him to obtain—I do not know where—a copy of these printed resolutions, which are generally distributed at the time when the speech commences, or at least at the time when we declare that we have the authority of the Lieutenant Governor to submit such resolutions the distribution is made.

As I had been in communication with Mr. Cameron and Mr. Macdonald, I told him : "Well, Mr. Macdonald, I hope you are satisfied with these resolutions, and that you will decide to continue the negotiations and to carry on the works." Mr. Macdonald at once told me that he was not satisfied, far from it, that he did not see how with those resolutions he could undertake the works. Then he said : " You speak of 60 miles, it is not 60 miles, it is 80 miles." I said : " If 60 miles are mentioned, it is an error of the employees as I am authorized for 80 miles." Then in fact, I ascertained that there was a mistake, and immediately after the interview, of which I will again speak in a few moments, had been finished, I telephoned to His Honour the Lieutenant Governor, telling him what was the error, and I received authority to make the change to put in 80 miles in place of 60 miles and then Mr. Macdonald and I discussed the matter for a short time. I told him : " Well, let us say that it is 80 miles." Then he said, in a very decided manner, that even with that he could not make the road. I said : " But explain me why ; it seems to me to be a fine subsidy." He seemed as if he thought—I so understood it—that it was all we gave and that would do away with the subsidy. I said : "no ; but Mr. Macdonald ; understand clearly that it is an additional subsidy, that it does not take away the old subsidies. That which is due, remains. This solution does not speak of the old subsidies ; the statutes are not repealed, consequently

NEW YORK, 13th March, 1891.

HON. R. LAFLAMME,

Montreal.

My dear Mr. Laflamme.

In answer to your letter of the 12th instant in reference to the Baie des Chaleurs Railway Company. I have to inform you that the Government is ready to pay to the Company or syndicate accepted by the Lieutenant-Governor in Council the whole subsidy actually voted to said company, provided all the conditions mentioned in our provincial statutes are fulfilled to the satisfaction of the Lieutenant-Governor in Council.

Yours truly

(Signed)

HONORÉ MERCIER.

Those are all the the documents in my possession respecting the matter, to the best of my remembrance, and after searches which I had made and caused to be made from the summer of 1890 up to my leaving for Europe. After reading these documents, I believe that I am justified in saying to the Commission that I could consider the negotiations between Mr. Macdonald and the Government broken off, and yet I was so anxious that Mr. MacDonald should undertake the work, that I again mentioned his name on several occasions. Now if the Commission desire that I should continue my not very interesting recital, I could do it, or if they prefer to put questions to me, I am at their disposal.

By Hon. Mr. Justice Jetté :—

Q. Had you not, before your departure for Europe, heard of the formation of another syndicate by Mr. Armstrong?

A. I always understood, from recollection, that the first time that I heard of it was at my house when I met the Honourable Mr. Laflamme and Mr. Cooper.

Q. Mr. Armstrong's name was not mixed up with that proposal?

A. I must say that if his name had been mixed up with it, they did well not to tell me of it, as my friends knew perfectly well what were my feelings towards that gentleman.

Q. Then the proposal made to you was understood to come directly from Mr. Cooper and Mr. Thom?

A. Certainly.

Q. During the journey on board the train for New York, had Mr. Pacaud, who was on the same train, occasion to speak to you of this proposal of Mr. Thom and Mr. Cooper?

A. This is, to the best of my recollection what I remember: Mr. Pacaud did me to ask me if I had received Mr. Laflamme's letter, I answered yes, and I believe, to the best of my recollection, that he asked me what we were going to do. I answered him that we would,—the ministers and myself—consider it, and we would give reply that would be written before I left, and that that answer could not be very complete, we had not the statutes before us to verify the figures given by Mr. Laflamme. I believe that Mr. Pacaud—I am not sure, but I heard him say so, and I have no reason to doubt proposed that I should receive Mr. Armstrong. I must have told him about what he states,

if I did not say more, but it was about that. It is not of much importance, it was how sufficient to show my ideas, that I did not wish to see that gentleman in connection with any business.

I do not think that there was anything else between Mr. Pacaud and myself mentioned in my presence—it is as well to refer to it at once—that I had on that occasion spoken of Mr. Macdonald. Well, if I were not dealing with a man who had such a good memory as Mr. Pacaud, I would say that he is mistaken. I do not remember at all having mentioned Mr. Macdonald's name on that occasion. I cannot deny it. What is certain is that I had not, at that time, any interest in mentioning it, except with regret to see that he had not taken up the enterprise, because I considered the negotiations as ended since the month of February, when I had replied to Mr. Cameron's letter that we could not give a cent more than what had been voted by the statutes, and that I had not received any answer to that letter.

Q. Thus your reply to Mr. Pacaud was in substance that you did not wish to see Mr. Armstrong, and that as to Mr. Laflamme's proposal you would answer in writing?

A. Yes.

Q. Were there any other conferences?

A. Ah no, on the contrary, my recollection, Your Honour, is that I consulted some of those who were with me, and as soon as the letter was finished, dictated, there were a few changes, and we altered some expressions, as soon as that letter was finished, I said to those around me. "Now, gentlemen, business is over, let us have no more of it. The first one who speaks of business to me will be turned out," or something like that. I wished to remain quietly with my family. I do not believe that I would have consented to do any business after that, in fact, I think I had peace up to the time I went on board the *Gascon*.

Q. Before the circumstance which you mentioned, had you any occasion to meet Mr. Pacaud, respecting the negotiations with Mr. Macdonald?

A. I believe Mr. Pacaud spoke to me a couple of times.

Q. He was interested in the success of Mr. Macdonald's enterprise?

A. I often lunch with Mr. Pacaud either at the club or elsewhere, and my recollection is that he did in fact speak to me of Mr. Macdonald, and it was very natural, as it was known that Mr. Macdonald had asked him to do so. It was publicly known. Now the person who is the most surprised just now is probably Mr. Pacaud, at the knowledge of that letter which I have just communicated to the Commission. Those are letters which I communicated only to my colleagues and my counsel.

Q. In these conversations, on the occasion of your meeting Mr. Pacaud, and when you mentioned the conference with Mr. Macdonald what was the nature of the conversation with Mr. Pacaud had with you?

A. Very general conversations, Your Honour, of which I cannot remember the words, but they could not have gone further than this, that he had learned that Mr. Macdonald and Mr. Cameron were looking after this Baie des Chaleurs Railway matter, that I ought to know Mr. Macdonald as an honourable contractor and Mr. Cameron an important person, and I even believe that once, I do not wish to affirm it, but to the best of my remembrance that Mr. Pacaud, accompanied these two gentlemen. Mr. Cameron and Mr. Macdonald, came to my office. Now, all that, apart from that occasion when he accompanied these two gentlemen to my office, all these conversations were very general, and I would like that there should be no doubt in Your Honour's minds or in the minds of any one, that Mr. Pacaud never on any occasion gave me to understand, either directly or indirectly, that he was

interested with Mr. Macdonald in the McDonald transaction ; and if Your Honours would ask him, I think he will tell you why ; that I had already been long ago obliged to tell him to avoid trying to put himself like that between persons who had business with the Government and the Government, that I did not like it. I had heard rumours, and whatever may be said, I held a good deal to the respectability and reputation of the Government, and I did not like that it should be thought that there were intermediaries who would profit by the occasion to make money, not that I thought that Mr. Pacaud had made any, outside this occasion ; I have no facts before me that would allow me to believe that, but, in fact, hearing rumours and reading the attacks in the papers, I thought of making that request to him which I have just stated.

Q. Had not this Mr. Cooper, on whose behalf Mr. Laflamme's proposal was made, and who had the interview with you, a claim against the old company ?

A. Yes, Your Honour.

Q. Do you remember the amount of that claim. Had you any knowledge of it at the time ?

A. To the best of my recollection, the original claim was for nineteen thousand dollars ; there was something afterwards added to that, which would have made it about twenty-one or twenty-two thousand dollars : I am speaking from memory, as I have nothing before me to assist my memory at the moment.

Q. Did he adopt any measures with the Government to secure the payment of that claim or to obtain the intervention of the Government so that the claim should be paid ?

A. Yes, Mr. Laflamme had written to me on the subject, during the summer of 1890, and I replied accordingly. I should have the letter, as it is an official letter. If Your Honours wish it, I might have it looked for and produce it.

Q. Do you not remember the substance of your reply or nearly so ?

A. Yes, I remember it generally ; it was stated that Messrs. Cooper and Fairman had a claim against Mr. McFarlane or against the Baie des Chaleurs Company, I do not remember against which of the two, or perhaps against Mr. Armstrong, I am not precise about that, but it was it nineteen thousand or twenty-one thousand dollars, were there two figures given ? Possibly. And that it was desired—that Mr. Laflamme desired—to know whether, in the arrangements which were being made, in consequence of the resolutions of the House and of the statute passed in 1890, these gentlemen would have a chance of being paid ; something to that effect. I replied yes, and that I thought that they might expect to be paid. I give my recollection of it, Your Honour, but I would like to see my letters again before swearing positively as to the terms, but that is certainly the sense of the letter and of my reply.

Q. Had not Mr. Langelier been named commissioner sometime previously to go to the company, to examine into the claims against the company and to report to the Government on the condition of affairs respecting that company ?

A. Yes, Your Honour. If you wish it I will tell you in a few words all that refers to that matter. We came to power in the winter of 1887. We were at once informed that the construction of that road had been stopped. On the 8th June, 1888, I received a letter from the Honourable Théodore Robitaille, ex-Lieutenant Governor of the Province, setting forth the condition of the company.

I immediately referred that letter to the Public Works Office, to which department that matter belonged to.

On the eighth, the matter was submitted to the Council on the tenth, and on the fifteenth an official reply was sent to Mr. Robitaille, signed by Mr. Garneau him-

self. The petition explained the situation. I produce a copy of that petition and of the official reply as **Exhibit No. 114**. It would take a long time to read that letter; it is produced. I wish only to read two short paragraphs. We were asked to double up the subsidy on the whole line, so as to put the ten thousand dollars on the first half, and to leave the second half uncovered. We refused notwithstanding the reasons given. We refused in the meantime.

"By obtaining the additional aid prayed for, the company will be in a position to push on the execution of its undertaking energetically.

"It has made arrangements which will enable it to get the necessary funds, as soon as the Government has agreed to its request.

"The company hopes, Sir, that you will take into your serious consideration the exceptional importance of the Baie des Chaleurs Railway, and that your Government will liberally encourage the enterprize whose progress is now arrested, owing to the financial difficulties met with."

That was on the twenty-eighth of May. We received it only on the eighth of June. We replied on the fifteenth as follows :

QUEBEC, 15th June, 1888.

THE HONOURABLE THÉODORE ROBITAILLE,

Senator, President of the Baie des Chaleurs Railway Company,

Quebec.

Sir,

In reply to your memorial of the twenty-eight ultimo, addressed to the Honourable the Prime Minister, I have the honour to inform you that the Government can well appreciate the importance of the construction of the Baie des Chaleurs Railway, both in a business and colonization sense; it regrets that under the circumstances it cannot recommend to the Legislature to grant any additional subsidy to your company.

As for the anticipated payment of thirty-five cents per acre of land which your company will, according to the terms of the law, have a right later on to receive, such payment could not be made unless the statute should be amended to that effect, and the Government does not consider it to be its duty to recommend such an amendment to the Legislature, at least for the present.

I have the honour to be,

Sir,

Your obedient servant,

(Signed)

P. GARNEAU,

Commissioner.

That was during the summer of 1888. As Your Honours see, we were asked not only for the doubling up but for the anticipated payment, 35 cents, for, under the law, the lands that are granted as subsidies may be converted into money at 35 cents in proportion as the works are performed by sections of ten miles and upon the engineer's report. The second 35 cents are paid when the lands granted to the company are sold and paid for. These are the two conditions. It does not suffice that they be sold, it is necessary that the Government should have drawn the second 35 cents; so that Mr. Robitaille, in addition to the doubling up which I have explained, wished for the anticipated payment of the last 35 cents. We replied that that could not be done otherwise than by a change in the law, and that we were not at the time disposed to have that change made. That change has never yet been

made. We were then in the session of 1888, a session that ended on the 12th July, 1888, and after having met Mr. Riopel and some others interested, I do not know even whether I did not meet Mr. Robitaille at the time, but in any case I received a lot of petitions from citizens—which I have here—as well as from mayors, as from wardens and *curés* and other important personages of the Gaspé region, saying that we should reconsider our decision and grant the doubling up.

Upon these entreaties, we decided to grant the doubling up, which is found in the statute of 1888. In 1888, immediately after the session, I left for the Gaspé region. I now come to answer, as shortly as I can, the question which Your Honours put to me respecting Mr. Langelier. I left with my family to pass the summer at Carlton, in the County of Bonaventure. I was accompanied by Mr. Charles Langelier and his family; some friends joined me, and we passed the summer there. I had scarcely got there when the claims began. The fact is, that while passing a charming summer in certain respects, I had very little rest, specially in the morning, as the creditors of the neighboring localities, the company's creditors came and asked me to try to settle their business. They were poor people especially, who had supplied railway sleepers or provisions or board for the workmen, and farmers who had furnished their lands. I remember amongst others two cases, those of Messrs. Landry and Day, whose claims for land, one for \$550 and the other for \$650, were allowed unanimously by the arbitrators in their award, the arbitrators being the Reverend Mr. Blouin, *curé* of Carlton, and the Reverend Mr. Gagné, *curé* of Maria. These poor people not having been paid, although the railway passed over their property, repeatedly came to ask me to get them paid. I took the liberty of sending for Mr. Riopel, who was near there, and I asked Mr. Riopel: "Why do you not pay those poor fellows." He said: "I have decided to go into appeal even to England." I said. "You know very well that there is no appeal." He said: "We have been robbed, the arbitrators' award is a robbery." I said "that is not the question, as far as I am concerned." We got rather warm during the discussion, and finally I said: "Mr. Riopel, you will pay these two poor fellows, or I will telegraph to Quebec; the Government engineer will make a report authorizing you to draw a certain portion of the subsidy, and I will stop that subsidy as long as you have not paid these good people. You must settle all these small debts; because it is altogether unjust to make these people wait either for the work or for their lands." My remarks had their effect, for they were paid. Mr. McFarlane had the goodness to give a cheque for the amount, and the two citizens went to Campbellton, where there is a bank, and they came back enchanted, bringing their money with them almost triumphantly. There were many others in the same case.

You will observe that the situation was not flourishing as early as 1888. During the session of 1889, claims continued, complaints continued to such a degree that we considered the opportunity of paying subsidies to that company, whose works were scarcely advancing. We always had reports stating that so much work had been done and asking for money; then we named Mr. Charles Langelier, who was then a Federal member, to go down and make an enquiry on the spot. Our decision was specially, I may say, brought about by a sort of strike that took place at Maria. The workmen, not having been paid, took possession of the railway. They took up some ties, some rails, and cut off communication, and according to the expression used by some witness here, "they took the engine prisoner." The fact was they could not run as the line was interrupted. We then named Mr. Charles Langelier as special commissioner in the terms imposed by the Order in Council of the 5th of October

number 488. The Order in Council recites the facts, the chief reasons. I produce a copy of it as **Exhibit No. 115**.

Upon the report made to us by Mr. Charles Langelier, on the twenty-first of March eighteen hundred and ninety (1890), we passed an Order in Council, number one hundred and eight (108), empowering Chrysostôme Langelier to go and pay in accordance with the report and with the resolution of the House and the statute which I will mention in a moment. I produce a copy of that Order in Council as **Exhibit No. 116**, it is of the twenty-first of March, eighteen hundred and ninety.

That was on the twentieth of March; then, on the fifth of March, having submitted Mr. Charles Langelier's report, showing the distressing condition of the unpaid workmen, the sufferings of the people of the Gaspé region in that respect, I got the following resolution passed (5th March 1890), which is found in the Journals of the Legislative Assembly for eighteen hundred and ninety (1890) first session, volume 24, page 307.

"Resolved, *nemine contradicente*," that is, resolved, no person objecting thereto. :—"The seeing the urgency of the case and without making it a precedent, this House desires that the Government adopt practical means to pay the wages of the persons who worked on section K, of the Baie des Chaleurs Railway, to pay the farmers who sold their produce in good faith and are not paid, as well as the board still due by the persons who worked on such section of railway, and all other privileged claims, and this out of the value of the work done and of materials on the spot, as will be established by the Government engineer to be deducted from the subsidies to become due to the company."

The case was considered urgent, no notice had been given, the House voted it without notice, as a case of urgency, in view of the hardships occasioned.

Then, that resolution gave rise to a statute, for we thought it prudent to embody the resolution in the statute itself, which is section 7, of the act 53 Vict., Chap. 101, which reads as follows :

"The Lieutenant-Governor in Council shall be authorized to pay—out of the original subsidy under the Act 45 Victoria, chapter 23, section 1, subsection 6, granted to the Baie des Chaleurs Railway Company as specially authorized by the Act 51-52 Victoria, chapter 91, section 12,—that is the doubling up of the subsidy—according to circumstances the wages due to workmen, the amounts due to farmers for land taken for section "K" of the said railway, the amounts due to other persons having privileged claims against the said company, and to others having claims that may be fairly considered as privileged, in proportion to the amount of work performed on the said section "K," as established by the special report of the Government engineer, although the company may not be strictly entitled to claim the same as fully earned; the whole in accordance with the resolution respecting this matter adopted, *nemine contradicente*, by the Legislative Assembly on the fifth day of March, 1890, and provided the said amount does not exceed the sum of twenty thousand dollars."

To these twenty thousand dollars (\$20,000), which were in great part paid by Mr. Chrysostôme Langelier, according to the report in the Department, we added eight thousand dollars (\$8,000) under Order in Council No. 606, dated the twenty-fifth of November eighteen hundred and eighty-nine (1889), and this is where these eight thousand and some dollars came from :

When we made the doubling up under the law of eighteen hundred and eighty-eight upon the request made to us, a part of which I read to the Commission, we thought we should reserve, when we should be first called upon to make a payment under the

doubling up, as the law stated when the conditions which the Lieutenant Governor in Council may be pleased to fix to order that there should remain in our hands eight thousand dollars (\$8,000) out of the first sum that came due to pay the workmen, farmers, and other persons having claims which might be equally considered as privileged. We knew very well, Your Honours, that a farmer who supplied ties, a workman who gives his wages has not a claim that can be considered as privileged in the eye of the law, but we put in the word "equitably," as we considered that work, as well as wooden ties and other materials necessary for the construction should be considered by the Government, as equitably privileged, as without that the construction would not have been carried on. Then we had therefore reserved these eight thousand dollars (\$8,000), and I asked Mr. Moreau the other day to explain how the operation was done; he sent me the letter dated the nineteenth October eighteen hundred and ninety one (1891), which I produce as **Exhibit No. 117**, and which gives a complete account of the use made of these eight thousand dollars (\$8,000). In place of paying twenty thousand dollars (\$20,000) which we were authorized to pay by the resolutions and the statute which I had the honor to read just now, we find that we have paid twenty-eight thousand dollars (\$28,000), including these eight thousand dollars in question.

By Hon. Mr. Justice Jetté :—

Q. That was to be taken out of the subsidy granted to the company?

A. Certainly, Your Honours; it was kept out of the first subsidy earned after the conversion authorized by what I have just now read.

Here is Mr. Moreau's letter :

DEPARTMENT OF PUBLIC WORKS,
Railway Office,

QUEBEC, 19th October, 1891.

MEMORANDUM *In re the Baie des Chaleurs Railway*

At the request of the Honourable the Commissioner, I forward to the Honourable the Prime Minister the following information respecting the \$8,000 retained in the Treasury according to the Order in Council No. 459 of the 17th of July, 1889, until the company had furnished proof that the privileged claims of workmen, those who furnished materials, right of way, etc., upon that part of the railway already wholly or in part built had been paid. These \$8,000 so retained were subsequently paid by the Treasurer to the company under the terms of the Order in Council No. 22 of the 12th of January, 1889, as the company had then furnished sufficient proof that payment had been made of the privileged claims then due upon the first forty miles of the road between Metapedia and Paspépiac, less \$500 retained to cover certain claims still outstanding. These \$500 are included in the \$8,546 which remained payable to the company under the terms of the Order in Council No. 606 of the 11th November, 1889; which sum of \$28,546 was in conformity with the latter Order in Council placed at the disposal of Mr. J. C. Langelier, special commissioner, to pay the privileged debts still due upon this railway. Mr. Langelier employed these \$28,546 in the payment of the privileged debts then due upon sections G and H less the cost of the enquiry.

(Signed) E. MOREAU,

Director of Railways,

I produce the Order in Council No. 459 of the seventeenth of July, eighteen hundred and eighty-eight (1888) ordering the retention of the \$8,000, as **Exhibit No. 118**.

These, Your Honour, are the explanations that I had to give in reply to the question put to me as to how we came to appoint Mr. Charles Langeher. I must state that I returned to the *traverse* region in eighteen hundred and ninety (1890), in the summer of eighteen hundred and ninety (1890); I saw people who were satisfied in seeing that all these claims, or the greater part of them, had been paid, and from all the information I have, official or confidential, there is general satisfaction. Now the works are going on well, the workmen are well paid, the lands which were taken for the railway have been paid for, in fine there is general satisfaction in that respect at least.

Q. Were not the claims, whose existence Mr. Charles Langeher had to ascertain, all the claims of farmers and of those who had advanced to the company, in fact all the claims against the company in the locality?

A. No, I will not say of the locality, there were workmen from other localities who had worked.

A. The purport of my question is this. Had he to ascertain the claims of all persons who had supplied the company or of contractors, or, finally, all the claims against the company of whatever nature they might be?

A. In the Order in Council appointing Mr. Charles Langeher as commissioner we commence by stating: That difficulties have arisen on the line of the Baie des Chaleurs Railway between the company of that name and its contractors or sub-contractors, or between the latter and the workmen and those who furnished supplies in the construction of that railway, and that there has been a strike among the workmen employed by these contractors owing to the non payment of their wages or salaries; and that in addition there are the claims outstanding against the company or against the contractors for right of way, work done, materials and supplies, salary, etc.

The Honourable the Commissioner *ad interim* consequently recommends that under articles 507 and following of the Revised Statutes of the Province of Quebec, 1888 an enquiry be held to ascertain:

1. The amount lawfully due upon the various outstanding claims arising from the construction of that railway, and

2. All complaints already made and which shall be made before the Commissioner hereinafter named against the said company or its agents or contractors for any works or constructions that may be defective, insufficient or contrary to the general interests of the region concerned, and that for that purpose Mr. Charles Langeher, advocate, of the city be appointed as Commissioner empowered to carry on and direct the enquiry, etc.

Q. The terms are very comprehensive?

A. The terms are very comprehensive.

Q. In fact can you tell us whether Mr. Charles Langeher gave, in his report, a complete statement of all the claims that might have existed against the company, including even those of persons who furnished supplies, or contractors, so as to show an absolutely complete statement as to the condition of the company and of the state of the works and of the claims against the sub-contractors themselves?

A. I should not like, Your Honour, to qualify the report in such a precise manner. There are three reports—the first contains an immense list of claims—I would not like to say what was the nature of all these claims without verifying them.

My recollection is that all these claims which could be established, were established, and that he made a report of them. That is my recollection I may however be mistaken.

Q. Now, for the settlement of these claims, Mr. Chrysostome Langeher was afterwards empowered to go to the locality and pay these different claims?

es.

and he pay nearly all that had been established, as much as possible, of course ?
 I paid some amounts, to the best of my recollection, owing to the absence of persons ;
 these persons having sent receipts or powers of attorney to the department, we
 paid to their being paid ; and even in one or two cases, an advocate of Campbellton, a
 member, Mr. McAlister came to me with a certain number of claims from persons
 in Lunenburg, residing there ; we ascertained that these claims were admitted by Mr.
 and we paid them.

Are these now in the department or were there at different times produced other
 against the same company, either under the pretext that Mr. Chrysostôme Lange-
 been empowered to pay everything or for any other reason, were there any other
 against that company produced in the railway department ?

Yes, a great many claims were made to us either before or afterwards, and for
 amounts. I cannot state the nature of their claims at the moment, but there is
 our record ; and I must state that the Baie des Chaleurs Railway would require
 department for itself.

The claim of which you have spoken, that of Cooper, Fairman & Co., is among those
 in the record you speak of ?

To the best of my recollection, I think so, but I will not take it upon myself to
 Your Honour, because there are details which have escaped me, but if it is not
 that have been made for us, which I have had made at different times by
 the department, I know that I heard of it, either from seeing the record, or from
 my eyes. The matter was not strange to me when I was spoken to about it.

Mr. Justice Jetté :—

Mercier, as it is near four o'clock, we will now adjourn, will you kindly verify that
 this and to-morrow morning.

Witness :—

Your Honour.

At four o'clock the examination of the witness was adjourned until the twenty-
 of October, at 10 o'clock in the forenoon.

J. BÉLANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners, to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

14th SITTING.

The twenty-ninth day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
" " " " LOUIS-FRANÇOIS-GEORGES BABY,
" " " " CHARLES-PEERS DAVIDSON.

Commissioners.

HONOURABLE HONORÉ MERCIER again appeared and deposed as follows :

By Hon. Mr. Justice Jetté :—

Q. Did you find, the claims of Mr. Armstrong, and of Cooper, Fairman & Company ?

A. I sent for Mr. Moreau, of the railway office yesterday evening immediately after the adjournment, and I asked him to make the necessary searches ; this morning he sends me the following letter, which I produce as **Exhibit 119**.

RAILWAY OFFICE.

QUEBEC, 20th October, 1891.

HON. MR. MERCIER,

Prime Minister.

Sir,

Respecting the claim of Mr. Armstrong, contractor for the Baie des Chaleurs Railway, it is not to my knowledge that it came up at all in this department before the twenty-second of April, or a few days afterwards, that is the date of the passing of the Order in Council No. 237, accepting the proposals of Mr. Thom, the secretary of the recognized company, under the conditions set forth in Order in Council.

The certificate containing the details of Mr. Armstrong's claim is dated the twenty-second of April last and his discharge for the \$175,000 paid to him in settlement is dated the twenty-eighth of the same month.

Respecting the claim of Messrs. Cooper, Fairman & Co., for the sum of \$17,200 (I have 209) against the railway, the first time it is alluded to is in a letter of Mr. J. C. Langelier, special commissioner to Mr. S. Lesage, assistant commissioner, dated the thirtieth June last, and to which I replied on the second of July last. These two letters are among the documents which I lately laid before the Royal Commission.

I have the honour to be,

(Signed) E. MOREAU."

However, I am informed that in a list of the claims which were produced in 1890 before the House, that claim is mentioned, but I have not had time to verify it; I have had searches made and between now and the time I have finished I expect to be in a position to inform Your Honours.

On the same subject I was yesterday asked whether I had received a letter about that claim: I said yes. Your Honours asked me for certain details; I gave you the details from memory, which are, I believe, fairly confirmed by the letters which I procured, official letters, which were of record, only in place of the two items which I mentioned, there is only one.

I produce Mr. Laflamme's letter dated the fourteenth of June 1890, and my reply dated the same day, in both languages, as **Exhibit No. 120**. I will read, the French text only, I have annexed the English text; they are translations.

MONTREAL, 14th June, 1890.

HON. MR. MERCIER,

Premier of the Province of Quebec.

Dear Sir,

The firm of Cooper, Fairman & Co., have a claim of \$17,209 against the insolvent firm of H. MacFarlane & Son, the contractors who built a portion of the railway for supplies, rails, locomotives, cars &c., and they are anxious to know if the Government will consent to pay this amount out of any subsidy that may be coming to the company as the Government did in the case of the Hereford Railway Company.

Yours respectfully,

(Signed) R. LAFLAMME.

My answer is as follows :

MONTREAL, 14th June, 1890.

HON. R. LAFLAMME, Q. C.,

Montreal.

Dear Sir,

In answer to yours of this day concerning Messrs. Cooper, Fairman & Co.'s claim of

\$17,209 against the insolvent firm of H. MacFarlane & Son as contractors of a portion of the Baie des Chaleurs R. R. I have the honour to say yes.

Yours truly,

(Signed) **HONORÉ MERCIER,**

Prime Minister.

Mr. Clerk, I could not yesterday produce in type writing the letters of the thirteenth March, eighteen hundred and ninety-one (1891) from Mr. Laflamme to me and my reply but you have marked them and I now give you the copies made during last night.

Q. Before you left for Europe, was anything settled upon or understood respecting this Baie des Chaleurs Railway between you and your colleagues, and did you leave instructions on the subject of the settlement of this matter?

A. No instructions to any one respecting the new syndicate, which I first heard of on the twelfth of March; but, generally, in the Council we had mentioned Mr. Macdonald's proposal and I had insisted with my colleagues upon the necessity of making as advantageous arrangements as possible to ensure the completion and construction of the road, the completion of the section from Metapedia and Cascapedia and the construction from Cascapedia to Paspébiac, and that on several occasions; so that all my colleagues understood my views on the subject perfectly well, because I had occasion to communicate to them the letters which I received from the county from the principal citizens and the addresses which had been presented to me in 1888 and 1890 on the subject. I have had extracts from these addresses made, they are very short, I might file them to show how the people of the Gaspé region depended upon me for the making of this road. They are extracts from these addresses, bearing only on that point; so that if the Commission see no objection I will produce those extracts. I need not read them, I produce them as **Exhibit No. 121.**

Q. Apart from that tacit and general understanding between the members of the Cabinet, did you leave any special instructions with Mr. Garneau who represented you as Prime Minister?

A. No, no special instructions; and, if you will allow me, I will add that I could not have left any respecting the Cooper syndicate, because I did not see Mr. Garneau again after the twelfth. On the evening of the twelfth I met Mr. Cooper, Mr. Laflamme and, I believe, Mr. Thom, at my house, as I said yesterday, and I did not afterwards see Mr. Garneau again, that I could not leave him any instructions.

Q. During your absence in Europe, did you have, with respect to this railway a communication, either by letter or telegram, with any of the members of the Cabinet?

A. I received two letters on this subject, one from Hon. Mr. Garneau and the other from the Hon. Charles Langelier; unfortunately I kept neither of them, but if there was occasion to regret it it is this one; so that it is difficult for me to be exact as to date. However, I have two means of giving the dates approximately and I will state these near to the Commission. The first is a telegram that Chevalier Drolet communicated to me as having come from, Mr. Armstrong, telling Mr. Drolet that the matter was settled. To the best of my recollection it was towards the end of April, but I will not be precise. I told Mr. Drolet that the thing was impossible, that he was mistaken, that, if there had been anything definite, I would have been told of it.

As it concerned certain financial transactions which Mr. Armstrong proposed to us in connection with that affair: I told him to take very great care for reasons which I verbally gave him and which I would not care to repeat here. Mr. Drolet, on several occasions

again referred to the matter, asking me if I had received any news from Quebec; and on my replying in the negative, said: "I cannot however be so far mistaken." Then I always told him. "And it is not however possible that I could not be informed."

I wrote to Mr. Drolet, the other day, recalling the facts to him, and requesting him to give me a letter so as to assist me to remember the dates. I have that letter, and it is all the more important, that after my return from Rome Mr. Drolet again insisted and asked me if I would not agree to meet certain distinguished French capitalists who wished to undertake certain railways in the Province of Quebec, and among others this Baie des Chaleurs Railway. I agreed to meet these gentlemen and told them, what is any way established by Mr. Drolet's letter, that among the roads which they could successfully undertake was this Baie des Chaleurs road—it was a firm with a capital of ten millions—and I told him that I was so anxious for the construction of that road, that if the arrangements were not completed in Canada with a new syndicate, I would encourage the new firm to attain that end; but that I was not in a position to let them know, to wait.

This was in the month of May. I will give the dates correctly later on, as I will then have the letter.

The fact which recalls the dates better to my memory is a letter that I wrote to the Honourable Charles Langelier, on the nineteenth of May, in which I acknowledge receipt of his letter that I had just received, and which tells me that the transaction was complete; so that gives me an approximate date. I have not, unfortunately, kept that letter from Mr. Charles Langelier, any more than Mr. Garneau's; but mine I kept, as I dictated it to my stenographer, and it is a long letter touching on many points, and as there is a passage respecting this, it permits of my refreshing my memory. The letter touching upon a lot of other points I would not like to make it public, as it has nothing to do with this transaction; but I will willingly put it before the Commission, and if the Commission believe that the whole letter should be made public, I will submit. There is only this passage:

24, Rue des Capucines,

Paris, 19th May, 1891.

This is the passage.

(I dated from Paris, although the letter was dictated on the cars; I was travelling, and I wrote my letters when I had an opportunity.)

I wished to write you the other day, on receipt of your letter, but I was prevented by various matters which arose, one more pressing than the others; to-day I am on the train from Paris to Beauvais, I take advantage of the circumstance to dictate this letter to Clément, who will put it into type this evening when I shall have the pleasure of dining at Durand's with our friend Forget.....(I will not read the remainder; it was a social dinner; it was our friend Forget, broker, of Montreal, who had invited me to dinner, and who gave me an excellent dinner.)

I am delighted to learn, from your letter, that the Baie des Chaleurs Railway matter is settled. I depend upon what you say. but I confess to you that I do not find the new syndicate very strong and unless it is backed up by foreign capitalists and very strongly backed

that matter, as you had not seen him ; did you leave instructions with any of the ministers who were with you in New York at the time of your leaving ?

A. Not at New York, Your Honour, because I did not see these gentlemen. After leaving the train. I went to my rooms at the Albemarle Hotel, where I put up my family, Mr. de Cases, family, and having bid them good bye I went on board the steamer.

Q. Before going to the hotel, on the car when you were talking about the matter ?

A. Oh ! In the car I must have told them generally to try and make an arrangement to secure the construction of the road. I said, I must have, I am sure I said it ; that I was so anxious that that road should be built that I must have said that, and I got some information from Mr. Robidoux and Mr. Boyer ; they told me that Mr. Dawes, whose name had been mentioned in the interview of the day before, was a very rich man, I knew that gentleman personally, but I did not know about his means. They also told me that Mr. Cooper was also rich. I think I told them to do their utmost to secure a satisfactory arrangement to assure the construction of the road.

Q. Then this was said before all the ministers who were present in the car ?

A. That is my recollection.

Q. There were no special instructions given to one rather than to another ?

A. As you see, Your Honour, from that letter from Mr. Laflamme, there was no proposal there were only questions ; so that I could not give special instructions about a particular arrangement, there was no proposal, there was only the principle favorable to the construction of the road, that is what interested me.

Q. Did Mr. Pacaud speak to you of this proposal from Mr. Thom or of the new syndicate at the time ?

A. He spoke to me about it in the car : had he spoken to me before ? I do not remember, but he certainly did speak to me in the car.

Q. Was he present, do you think, when you said generally that it was necessary to try and close it ?

A. It is very possible, but he certainly was not present when we were considering over the wording of the reply to be sent to Mr. Laflamme, for when the ministers came together, there were several of these gentlemen who were not members of the Cabinet, and we asked them to be good enough to withdraw.

Q. What Mr. Pacaud would have said on that occasion was said before all the members was it not ?

A. I believe so Your Honour.

Q. He said nothing to you privately ?

A. He certainly did not speak to me in private, from the time we took the cars until we reached New York unless, I may have told him privately : " I learn that Mrs. Pacaud is on board, go and fetch her " but on business, no.

Q. Now, at New York ?

A. I did not see him, excepting the next day, I believe, he was with those who came to say good bye, on board the steamer, but just at the time the steamer was leaving.

Q. Mr. Macdonald, as you stated yesterday, wrote you a letter on the fifteenth of November, eighteen hundred and ninety, which is produced as Exhibit No. 106. You told us, I believe, that you simply acknowledged receipt ?

A. Yes.

Q. Mr. Macdonald said in his evidence that he received no reply to that letter except through Mr. Pacaud?

A. I heard that said, but Your Honours can see my acknowledgment of receipt there, and I have no other means of ascertaining the fact than the record which establishes that I replied on the date mentioned, and that the letter was sent as in other cases. I do not wish to contradict Mr. Macdonald, who might very well not have received the acknowledgment of receipt, but in fact I sent it to him as usual.

By Hon. M. Justice Baby :—

Q. Is that letter entered in the letter book?

A. It is regularly entered, Your Honour, as all my official correspondence, and that which I produced yesterday is exactly the copy of the reply which my private secretary found in the record of that time. If you will allow me I will now communicate to the Commission, Mr. Drolet's letter of which I spoke a short time ago.

Mr. Casgrain :—

I do not see how that can go into the evidence; it is a letter written by Mr. Drolet. I even believe that Mr. Drolet is here, and if Mr. Drolet has anything to say, he may say it on oath.

Hon. Mr. Justice Jetté :—

There is no need to produce that letter.

The Witness :—

In any case, I offer to the Commission all possible means of information; I do so quite willingly I can do no more.

Q. To revert to the question respecting the resolutions introduced before the House.

A. I take communication of **Exhibit No. 102** produced by Mr. Macdonald on the twenty-eighth of October last before the Commission, containing the resolutions respecting subsidies to railways and other companies and undertakings—English version—and I find that in sub-section J, there are only six hundred thousand acres mentioned for sixty miles from the Matapedia junction, to a point at or near Little River Cascapédiac.

Q. Is that the error of twenty miles that you pointed out yesterday? The error that was in the resolutions submitted?

A. That is the error, Your Honour. There are in fact sixty miles from the Cascapédiac on the Intercolonial, to the River Cascapédiac; consequently, at ten thousand acres, that makes the six hundred thousand. These resolutions, which I hold in my hand, were distributed in the first instance, but do not appear in the Journals of the House. I was in time to correct it. You will also find that as early as the twenty-first of these resolutions is given, at page two hundred and twenty of the Legislative Assembly of Quebec, for eighteen hundred and ninety-one, was made, and that sub-section J is for eighty miles on the the uncompleted and unfinished portion, going as far as or near the Cascapédiac. I got myself authorized by telephone at once by His Honour

the Lieutenant Governor to correct the error. That error could not have misled any one as it was at once corrected.

Q. Apart from the interviews which you had with Mr. Macdonald upon the subject of this road, did you have here or elsewhere any interviews with Mr. Heaton Armstrong, banker?

A. Yes, Your Honour, my recollection is that I had one or two interviews with Mr. Heaton Armstrong, one at Montreal to which Mr. Pacaud referred, and what he stated is as far as my recollection serves me correct; a second interview was on the cars from Montreal to Quebec; I believe that in this last interview Mr. Armstrong was on his way to inspect the Temiscouata railway for which he had floated bonds, a matter of which I was aware; he had successfully done so, so that I was all the more interested in his proposals as, knowing his influence in London, I believed he could do the same thing for the bonds of the Baie des Chaleurs Company. But there was nothing in these interviews that concerns this matter, it had reference purely and simply to coming to an understanding which might allow of the floating of the bonds under the best possible conditions.

Q. Who brought you into relations with Mr. Heaton Armstrong?

A. Really, I do not remember; I would not be surprised if it were Mr. Hector Cameron, but I do not affirm that. You understand, Your Honour, that in all these negotiations during which I had nearly ten or twelve interviews per day, unless I had a special note of them, it would not be possible for me to remember these details, it is not a want of memory—I hope it will not be said that I have a defective memory—it is because it is impossible to remember such details.

Q. Do you not remember who arranged these interviews or one of these interviews which you had with Mr. Armstrong?

A. Well, I heard M. Pacaud state here that he had once arranged one of those interviews; I am not prepared to deny it; it is possible.

Q. Can you state whether you granted any other interview to Mr. Macdonald before that which you had in the Speaker's room?

A. Yes, I had an interview in my official office with Mr. Hector Cameron and Mr. Macdonald. Mr. Macdonald was on his return from the Gaspé region, and then showed me the book which is produced; it was there he showed it to me, he never showed it to me in the Speaker's room, it was there he showed it to me, and it was there that after examining it I said his figures were exaggerated. I cannot, Your Honour, be precise as to the date, but it must be before Mr. Cameron's letter dated the fifth of December, I believe, in which he alludes to an interview; that is the only one, according to my recollection, that took place between Mr. Cameron and Mr. Macdonald in my office.

Q. Had you an office, a special department in the Government at that time?

A. Yes, Commissioner of Agriculture and Colonization.

Q. These negotiations, naturally, should have been referred, I presume, to the Minister of Railways and Public Works?

A. Certainly.

Q. You were applied to.....

A. As Prime Minister. When I saw that there was anything serious, that we might reach some conclusion, I referred the documents to the Department of Public Works with notes according to the circumstances, and when I saw that the correspondence was closed

at day, with Mr. Pacaud for example ; notes to renew other notes which became due in short time.

A. No, Your Honour. I do not remember. I had endorsed two or three other notes some days previously.

Q. In any case, there were some notes besides the signed blanks ?

A. There were certainly two, if not three. I was not uneasy, they have been paid as I have not heard of them and they have not been charged against me in my account at the bank.

Q. Do you remember whether among these notes so endorsed there were some which were post-dated or did they bear the date on which you endorsed these notes ?

A. That is notes dated on a day previous to that on which I signed.

Q. Subsequently ?

A. Subsequently, No.

Q. That for example a bill becoming due in ten days had been foreseen and that you had signed a note dated ten days later ?

A. At Mr. Pacaud's ?

Q. Or at Mr. Pelletier ?

A. Before my departure.

Q. Before your departure ?

A. Ah ! No ; the notes which I endorsed, apart from the cheques already referred to, were notes endorsed in blank, without date and without amount ; there were no others.

Q. The signed blanks left with Senator Pelletier ?

A. There are no others, Your Honour, that is to the best of my recollection, and I have not the slightest doubt about it ; If I were shown a note, in my handwriting, dated after my departure, I would have to admit the evidence.

Q. Among those notes that you signed, could there have been any dated in blank ?

A. The endorsed notes ?

Q. The endorsed notes.

A. They were all in blank.

Q. The date ?

A. They had no date at all.

Q. I am not speaking about the signed blanks. I am speaking of two or three notes which you had signed some days previously, before signing the signed blanks ; as I wish to know whether among those notes there were any...

A. That would be before the elections.

Q. Before the elections, I presume ?

A. It is very possible, but I do not remember having endorsed any notes which were undated or post-dated, as I would have been told that there was a note coming due ; but I do not remember ; if there are any ; Your Honours will give me an opportunity of being heard thereupon. I do not remember.

Q. How many drafts did Mr. Pacaud send you during your absence ?

A. Mr. Pacaud sent me two sums of five thousand dollars (\$5,000), one in the month of May and the other in the month of July. I will give you the exact dates. I produce as Exhibit No. 122 a notice from the Banque de Paris et des Pays-Bas dated the 29th of May, eighteen hundred and ninety-one (1891), advising me of the receipt of the first draft,

twenty-five thousand and ninety-nine francs and eighty centimes, signed by Mr. Thors, the president of the bank. I produce as **Exhibit No. 123**, a notice of the sixth of July, eighteen hundred and ninety-one (1891), from the same bank, signed by the same, Mr. Thors, advising me of the receipt of twenty-five thousand francs.

The funds had lowered at that time, so that in place of receiving four hundred francs more, I received only the twenty-five thousand francs, and at the same time, annexed to that letter there is a notice from Messrs. Grunebaum Frères and Co., 28 Boulevard Hausmann, informing that, by cable they placed that sum at my disposal. These are the only two sums which I received from Mr. Pacaud during my journey.

Q. You left with Mr. Pacaud, I believe, before your departure, two cheques which you gave Mr. Pacaud to produce here the other day, and which are before the Commission, being numbered 95 and 96 ?

A. Yes, Your Honour.

Q. Will you oblige me by identifying these cheques and stating whether they are really the cheques, one of the second of March for five thousand dollars (\$5,000), and the other of the fourth of March for three thousand five hundred dollars (\$3,500), both drawn on the Caisse d'Economie de Québec ?

A. **Exhibits Nos. 95 and 96**, now shown to me, are the cheques in question, which were made on the day they are dated, and I find in my pass-book of the Caisse d'Economie that on the second of March I was debited with the cheque for five thousand dollars (\$5,000), and on the fifth with that for three thousand five hundred dollars (\$3,500). If Your Honour will take communication of my pass-book—I do not produce it, as I would not like all my private concerns outside this matter to be known—but I give my pass-book to Your Honour, showing that they were debited to me on the fifth in place of the fourth.

Q. Did Mr. Pacaud write to you when forwarding you the first draft of the month of May ?

A. Yes, Your Honour, he wrote me a few lines stating that he had sent me a draft which he hoped I had received; unfortunately I had not yet received the amount when I received the letter; as you may see by the papers produced, it took a good deal of time; the first amount being sent me by an ordinary draft, took a great deal of time, and was not received until the thirtieth of May. The notice is on the twenty-ninth, but the receipt of the thirtieth; so that you will observe that if it had been sent to me on the fourteenth, that it took fourteen days before it was received; Mr. Pacaud wrote to me, to the best of my recollection, at once; his letter came much faster as the draft was delayed, we know what that is. The second draft was much faster, as it was by cable; the second draft was made on the seventh, by a letter of the sixth of July.

Q. Have you those letters from Mr. Pacaud advising you.....

A. No, I did not keep those letters, it was simply a letter of advice stating: "I have sent you according to your request....."

Q. You did receive a letter respecting the several amounts sent you by cable ?

A. No, because it was impossible for a letter to reach me in time.

Q. But, I mean, subsequently did you not receive a letter from Mr. Pacaud advising you that he had sent that amount ?

A. I received the money on the sixth, that is it was in bank on the seventh of July, very day I left Paris for London; so that I could not have a letter; I embarked on the sixth at Paris via Calais for London, I passed one day in London and I embarked at Liver-

ol on the ninth, that is on the next day ; so that it was impossible for me to receive a letter.

Q. These two sums of five thousand dollars (\$5,000) and of three thousand five hundred dollars which you left with Mr. Pacaud by means of these two cheques, for what purpose were they left with him ?

A. The first of five thousand dollars (\$5,000), so that I could draw on Mr. Pacaud in case I wanted money on the other side generally ; but naturally if I did not draw, and if there were other requirements, he could make use of them, but that was the chief purpose.

The second amount was specially to settle matters which might arise here.

The person who generally transacts my business at Quebec is Mr. Boivin, my cousin, my former private secretary, who is now assistant provincial secretary ; he was formerly my clerk, I have full confidence in him ; I told him, and it is in any way understood that when I absent myself, all my accounts, every claim made against me are to be referred to Mr. Boivin ; he examines them, he knows my business ; I had told Mr. Pacaud : " Mr. Boivin is under my instructions from me, and if anything should arise which Mr. Boivin recommends to be paid, you will please pay it out of that cheque." Now, I made the cheque a little high, because I had the money, and I did not think that even as much money would be taken as was used. I must confess, without intending to hurt Mr. Pacaud, that I was somewhat surprised about the five hundred dollars (\$500) which he invested for me in the hotel.

Q. For the subscription to the Fortress Hotel ?

A. Yes, and other small things which he might perhaps have dispensed with, but in fact, as I had given full power to these gentlemen, I have no right to blame them.

Q. Was not this subscription made previously ?

A. No, Your Honour, not more than that to the club. In short, the motive is not a bad one, I have nothing to say.

Q. Did Mr. Pacaud, since your return, give you any explanations respecting the fact which you have just mentioned or the draft which he sent to you in the month of July ?

A. Yes, since his return from Europe, but unfortunately not previously. I met Mr. Pacaud at Ste. Anne de la Pêrade, I had a conversation with him ; it was during what I will call the most disagreeable part of the crisis, when I was much attacked, and I may state I was most affected. If the Commission allow me, I will state that I arrived from Europe where, I believe, I received many honours and had not dishonoured my country and, on arrival here I found myself dragged in the mud, that was a most painful change for me, for my family and my friends. Then meeting Mr. Pacaud, I prayed him to tell me all about his business and I made him promise to make me a confidential memorandum of everything that had occurred, so that I would be in a position to speak, and it was then that he gave me his word that he would go to Ottawa and give evidence. I did not again see Mr. Pacaud ; the only news I had of him was a telegram from New York, telling me he was leaving for Europe. I remained during almost a month in the most painful position, not receiving any informations, not knowing even what he had done with my cheque, not knowing the transactions that had occurred, except what I learned from the newspapers, and I did not tell Your Honours, that the newspapers which are hostile to me, had some reason for stating that I looked sick.

If I was not, I was singularly affected. As soon as Mr. Pacaud returned, I asked for information and I received it and I would have liked to have had that information, before being obliged to reply to His Honour the Lieutenant-Governor, to his communication of the

seventh of September last ; I replied on the fifteenth. I believe that I stated then the truth ; and I would perhaps have been able to give His Honour more details than I gave him, if I then had the confidential memorandum which Mr. Pacaud had promised.

Q When did you first learn, that Mr. Pacaud was to have any commission, either from Mr. Macdonald, or from Mr. Armstrong, or from the new syndicate ?

A. First, as to Mr. Macdonald, I only learned it here before the Commission ; as to Mr. Armstrong, I learned it from the newspaper by the reports of the Senate proceedings ; perhaps also as to Mr. Macdonald, there may have been in the Senate proceedings something which might have shown me that there had been a question of a Commission, but it did not strike me at the time as it struck me here, and it interested me less than the transaction itself.

Q. When you first heard of these rumours did you suspect anything on Mr. Pacaud's part ; did you suspect up to a certain point the facts that were here disclosed ; did you consider what might have happened before receiving Mr. Pacaud's explanations ?

A. Suspected..... ?

Q. Were you under the impression, in short, that what was said in the newspaper might be true ?

A. It seemed to me to be really true—by the calumnies which the Conservative press spread about me or about the ministers ; that they had divided, that we had divided, what they called the “ boodle,” and that we had robbed the Province of Quebec ; I did not believe that, I had too much confidence in my colleagues to believe for a single moment that they would be capable of becoming guilty of such infamy ; but the proof made before the Senate by such responsible persons as Quebec bankers left no doubt on my mind that Mr. Pacaud had received a sum of one hundred thousand dollars (\$100,000) ; I did not suspect that, but I was morally convinced that it was true, that part of it ; and also, Your Honour, the first thing that I did was to telegraph to my colleagues, the ministers, to endeavour to meet them as soon as possible so as to get information. Mr. Garneau was at Murray Bay, Mr. Boyer was on a trip to Labrador, Mr. Robidoux was at St. Philippe, Mr. Chas. Langevin was, I believe, on a voyage in the Lower St. Lawrence ; there only remained here Mr. Fournier and Mr. Shehyn, who had returned with me and who even had gone to Kamouraski once, and Mr. Duhamel. I did all I could to get a meeting as soon as possible, but I could only get them to meet on the second of September ; I insisted on having them sooner, several of them replied : “ Well we have a right to our holidays the same as the others, we will go in the beginning of September.” They came on the second of September, and Your Honours know the rest from the official correspondence before you.

Q. When Mr. Pacaud spoke to you respecting Mr. Macdonald's proposal, did you think that he had any interest in the contract, if any contract were given to Mr. Macdonald ?

A. No, Your Honour, I had no reason to suspect that he had any special interest ; in any case I wish it to be well understood respecting these negotiations, that I did not suspect Mr. Pacaud further than what I stated yesterday, and in an altogether accidental way except on the occasion perhaps when he introduced Mr. Heaton Armstrong to me.

Q. What relations did you suppose existed between Mr. Macdonald and Mr. Pacaud at the time, or between Mr. Pacaud and Mr. Heaton Armstrong, and even between Mr. Pacaud and the new syndicate later on ?

A. Well, with the new syndicate, Your Honour, I had no occasion to suspect anything; it was so short...you see the way...

Q. I am not insisting on any suspicion; I ask you whether, seeing Mr. Pacaud interesting himself in introducing to you Mr. MacDonald or Mr. Heaton Armstrong, you thought there were any relations between Mr. Pacaud and these gentlemen, and what were the relations?

A. I tell you that as to the last syndicate, there were no other relations, to the best of my recollection, than those which I mentioned as having taken place in the train from Montreal to New York, and the manner in which I spoke of Mr. Armstrong, may show Your Honours how little I was disposed to go further with them. As to Mr. MacDonald, I knew of the friendly relations which Mr. Pacaud had with Mr. Cameron, with Mr. Macdonald, of Rivière du Loup, superintendent, I believe, of a section of the railway, brother-in-law of Mr. Langevin,—his friendly relations with these two gentlemen; and on the other hand, when I was satisfied, when the Government was satisfied with what Mr. Macdonald had done in the construction of the Temiscouata Railway, which was made under remarkable conditions, more remarkable than any road which we were occupied in constructing, and knowing that Mr. Pacaud knew my views on the necessity of constructing the Baie des Chaleurs Railway. I was not surprised that under these various circumstances which I have mentioned he took a very special interest in the matter; but as for believing for a moment that he was an agent between Mr. Macdonald and the Government after what I have stated, after what I had done, it could not have and did not enter and has not yet entered into my mind.

Q. When did it come to your knowledge for the first time, that Mr. Pacaud had paid large amounts to Mr. Chas. Langelier, or had handed large sums, or advanced large sums to Mr. Langelier?

A. Have I seen something in the reports in the Senate proceedings? It is possible; I do not remember for the moment; but I questioned Mr. Charles Langelier and Mr. Pacaud on the matter, as I questioned each minister, to know exactly how matters stood, and Mr. Chas. Langelier with his characteristic frankness, told me everything.

Q. At what date?

A. It was sometime before the Commission commenced to sit; it was about the time that I was getting information from my colleagues as to what had occurred. That was not done in one day or in two days. It took a great deal of negotiation.

Q. Did Mr. Langelier give you the same story as Mr. Pacaud gave here before the Commission, or nearly so?

A. Somewhat different, but on the whole I believe it was the same thing. Only Mr. Langelier told me that if he had known that any part of the money that he had received came from this Baie des Chaleurs matter, he would have followed the advice I had given him before leaving and this was the advice, Your Honours: Mr. Chas. Langelier and I are intimately connected, and when I left, he made known to me his uneasiness as to the building of his house, and I left him a note endorsed by myself for \$1,000 in case he should want money, I told him: "do not apply to any one else, you will easily get the money you want with that endorsement," telling him the banks to which he could go. He offered that note to Mr. Pacaud, he asked Mr. Pacaud to get it discounted for him—this is Mr. Langelier's story—Mr. Pacaud told him: "you do need to make use of the note endorsed by Mr. Mercier, I have money and I will lend you some." And when I had the history of the whole transaction, of all that had passed, that was one thing that I reproached Mr. Langelier with, not having

nourable conditions, with all possible prudence. He made me acquainted with all the facts now before the Commission, and gave me full satisfaction.

Q. At what date, Mr. Mercier, did you learn that the note to which you refer in the letter to which Mr. Pacaud alluded, and which he partly cited the other day, that that note signed blank had not been required to forward you the first draft for \$5,000? At what time did you learn that Mr. Pacaud had sent you that sum out of his own funds and had only discounted the note later?

A. I must admit that I only learned it when I went to pay the note, and under these circumstances: The note was signed by Mr. Pacaud; I had not received notice of the maturity of the note. Mr. Dumoulin, agent of the Banque du Peuple at Quebec, came to my office one morning, a Saturday morning, I believe, on the 3rd of October, telling me: "Do you know that there is a note endorsed by you for \$6,000 due today?" I said: "no, I did not know it, I have had no notice." He said: "I believe I should tell you, as it seems to me it was a note for you, as Mr. Pacaud explained it at the time." I said: "in any case I do not owe \$6,000, I owe \$5,000. He said to me. Yes, exactly. And he said to me, I believe Mr. Pacaud is prepared to pay \$1,000, if you settle the other \$5,000." But, I said: "certainly, I have to settle the other \$5,000, only you take me a little by surprise, Mr. Dumoulin, it is a little late to find the \$5,000 on a Saturday, will you allow me to write on the back of the note "Good as surety" so as to avoid protest; I hope that you will accept my endorsement as sufficient, although you have also the endorsement of Mr. Chs. Langelier." He said to me: "Very well." I said: "On Monday I will settle the matter." Then on Monday I paid it, that is, I settled the note; I paid the money I had on hand and I settled otherwise for the balance.

By Mr. Casgrain:—

Q. When you, as Prime Minister, met Mr. Robidoux, and you asked him for explanations, did Mr. Robidoux tell you in any way what he had done respecting the promissory note for \$20,000 in Montreal?

A. No.

Q. There was no question of it at all between you and him?

A. I was not aware of the fact at the time.

Q. He did not mention it to you?

A. I have said no, Sir.

Q. Now, when Mr. Pacaud gave you an account of the matter, Mr. Pacaud said nothing either?

A. No.

Q. He concealed that fact from you?

A. I said no.

Q. At what date was the note of the 30th of June, for \$6,000, of which you have last spoken, being **Exhibit No. 98**, paid?

A. I have just stated it.

Q. I did not understand. If you would repeat?

A. I have just stated in answer to questions from His Honour Judge Jetté, that the note was presented to me on the 3rd of October, and that I wrote on the back "Good as surety," and that I settled it on the 5th.

Q. Did you pay \$2,000 on it?

A. I settled it.

Q. But I ask you the question: Did you pay \$2,000?

A. I settled it in cash and commercial paper. I do not think that I am obliged to how I settled it. I settled it to the satisfaction of the bank.

Q. Now, will you please look at **Exhibits Nos. 98, 86-1, 88-9, 89-3, and 89-9**, and me which of those notes you left signed in blank with the Honourable Mr. Pelletier?

A. Numbers 98, 86-1, and to the best of my recollection, numbers 89-3 and 89-9. I to the best of my recollection, for I am somewhat embarrassed as to the fourth. My recollection is that I left four notes in blank, Mr. Pacaud believes that I left three only ; I explain a short time ago how that happened ; I may have made a mistake as to one note under circumstances which I mentioned, but I state the matter to the best of my recollection.

Q. Now, Mr. Mercier, will you have the kindness to look at those notes again and state the purpose for which you left those signed blanks.

A. I need not look at them for that ; I explained it very well, I will repeat it if the Commission desires it.

Q. I would desire it, if you would have the goodness.

A. With pleasure, Sir. I left three or four signed blanks under the circumstances then mentioned a short time ago in answer to questions put by His Honour Judge Jetté. I was to " You are leaving ; we will have a host of things to meet ; deposits for election contestation deposits for counter-petitions, probably election accounts to pay—which would not surprise me—and we will require money ; can you leave us any means ? " I said : " My resources are exhausted, I drew nearly all I had here in Quebec, there only remains sufficient for my family during my absence " ; for whatever may be said, I am not as rich as it is pretended unfortunately. It was suggested that I should endorse notes in blank ; I endorsed them and gave them to Senator Pelletier.

By Hon. Mr. Justice Jetté :—

Q. It was of the Federal elections that you were speaking.

A. It was of the Federal elections, which were held on the fifth of March, and the gentlemen made the use of them, which you know.

By Mr. Casgrain :—

Q. Now, will you have the goodness to look at two other notes, being **Exhibits 88-1 and 89-5**, and state for what purpose those two signed blanks were left?

A. First, there is one which is not a signed blank, since it is of the twenty-eighth February ; I left here on the tenth of March, I must have endorsed it on the date mentioned that is not a signed blank, let us put that one aside.

Q. The other, if you please?

A. As to **Exhibit 89-5** it is of the 10th March, the day I left ; I must have endorsed on that day.

Q. Now, Mr. Mercier, will you state why you endorsed those notes ? For what purpose are these notes signed and endorsed ?

A. I endorsed, not signed, them for the reason just given. The Quebec Committee, tell me that they would have obligations to meet, and that there were some then, I endorsed as I any way have always done when my party or my friends wanted my endorsement.

Q. Mr. Mercier, did you not bring to Europe with you any part of the proceeds of that note 89-5?

A. No.

Q. Now, is it not true that one of these six notes was made to send five thousand dollars (\$5,000) to Mr. Blair, of New Brunswick?

A. I am not aware of that, but I would be pleased to know that it was true.

Q. Now, Mr. Mercier, can you state whether any of these have been given in renewal of other previous notes?

A. I am not aware of that?

Q. You know nothing about that at all?

A. No.

Q. Before endorsing these notes, sometime before, you had endorsed other notes, had you not?

A. Many, Sir.

Q. Can you state about the amount?

A. No, Sir.

Q. I am perhaps indiscreet?

A. You are a little indiscreet, but I confess that I would willingly tell you if I knew; I am not aware and I would rather be unaware of it for a long time; all that I know is that I have not been called upon to pay?

Q. Can you not state approximatively the amount of these notes which you have never been called upon to pay?

A. I am speaking, Sir, of notes for political purposes; as to my notes for my private concerns, I can give you a very exact account of them.

Q. No, no, I do not want it?

A. But as to those notes, no; I have no means of tracing that, Your Honours, because I left the matter entirely in the hands of the Quebec Committee; when the Quebec Committee, composed of respectable men as those I have named, asked me to sign, I signed.

Q. Could it have been fifty thousand dollars (\$50,000)?

A. Oh! Sir, I am not in a position to answer you. If you like I will hold an enquiry into it. I will get these gentlemen to come and I will ask them, if the Commission requires, but I am not in a position to state it.

Q. You cannot state whether, between twenty-five and fifty thousand is the amount for which you were responsible?

A. I am not in a position to answer that question at the moment; If the Commission orders me to make searches I will, do so.

Hon. Mr. Justice Jetté :—

It does not concern us.

By Mr. Casgrain :—

Q. Then, you have no idea?

A. Well I said what I have to say.

Q. And that gave you no uneasiness?

A. No, because I was dealing with honourable and responsible men.

Q. Now, will you state, if you please, whether when these two cheques, **Exhibit 96 and 97**, were signed by you, there were funds in the Caisse d'Economie to meet them?

A. Certainly, Sir, since they were accepted on the same days.

Q. Were they accepted on the same days ?

A. Well, the one for five thousand dollars (\$5,000) on the same day ; I found it a short time ago when showing my bank pass-book to the Commissioners ; the other on the next day, but I swear that on the day I gave those cheques I had the necessary funds, and I am not in the habit of giving cheques without having the funds required to meet them.

Q. Now, will you state where those cheques were signed ?

A. In my house, 6 de Brebœuf street, in Quebec.

Q. Some days before the election ?

A. On the dates mentioned.

Q. You naturally took a very active part in the elections at the time ?

A. Ah ! yes, Sir, you must have noticed that.

Q. Now, will you explain the difference there is between the two folios ? I see that there is one folio 20661 and the other 20632. It may be of no importance ?

A. I do not find any difference, Your Honours, the two folios are 20632 and that is the number of my book.

Q. Oblige me by looking at the cheque for five thousand dollars (\$5,000), the figures are effaced ; I do not know whether it is a different folio or whether it is by accident that these marks are there ?

A. Well ; If I have another folio I am satisfied, I do not know of any other. I will verify it. (After verification). This is what my secretary tells me.

These cheques are always made by my secretary, and in the present instance I telephoned him from my house to make out those cheques and bring them to me ; that is his writing he put in both instances the old figures 20632. Did the bank change the figure of the deposit to 20661 ? 61 that was put in the bank ; there were three changes of books.

Q. Then you had not at the time two accounts in the Caisse d'Economie ?

A. No, Sir, only one, and I never had more than one account at the Caisse d'Economie. I do not think one can have two accounts there, it is merely a savings bank.

Q. Now, can you state, Mr. Mercier, why on one of the cheques there is the number 30 and on the other there is no number ?

A. Well, I am not in a position to say ; it is my secretary who prepared the cheques if you wish to examine him, he is here, he will give you that information. I must repeat what I said, that I do not make out my cheques ; as it is my secretary who keeps those accounts, I ask him to make out the cheques. Why he forgot a number in one case, I do not know.

Q. Will you oblige me by showing us the stubs of these cheques or the stubs of your cheques ?

A. Of those two cheques.

Q. Yes ?

A. I will show them to the Commission.

Q. You do not wish to show them to me ?

A. I will show them to the Commission, and the Commission will do what they please afterwards. It is because with those stubs there are stubs of other cheques which I

not wish to deliver to the public ; I do not wish that it should be known what I paid for such and such a private matter.

It is not because I would be ashamed of making known my private concerns, but I do not wish to admit the principle that even this Commission can enter into my private matters, which have no connection with the enquiry ; but I will place the stubbs of my cheques before Your Honours, and Your Honours will do what you like with it.

Q. I must ask you this question : Is it not true that these two cheques were, or one of these two cheques was drawn against the account for the contingencies of your department at the Caisse d'Economie ?

A. I deny that emphatically. It is an atrocious calumny.

Q. Were not the contingencies of your department deposited in the Caisse d'Economie.

A. I do not think so. I think that none of the contingencies of my department are deposited at all. They are in Mr. Campeau's hands, and I have no control over them.

Q. Do you not draw them yourself ?

(The witness asks his secretary for information).

Mr. Casgrain :—

Ah ! but, Mr. Mercier.....

The Witness :—

Have I no right to get information ?.....

Mr. Casgrain :—

I do not believe, that when under examination, you can get any information.

The Witness :—

I ask permission to get information on this point : how the contingencies are paid in my department. It seems to me.....It is an official matter, no story can be made out of a matter of the kind.

Hon. Mr. Justice Jetté :—

There is no objection to that.

The Witness :—

This is it, Your Honour. I can take the responsibility of the information which I receive, and which any way agrees with my own experience. Every year the Legislature votes departmental contingencies a sum of from \$50,000 to 60,000. As soon as the session is over, this is distributed between the departments by Order in Council, or at least by a resolution of the Council, of which the auditor and accountant of contingencies are notified. For example, I will receive \$5,000 for contingencies ; that amount is placed to the credit of my department by Mr. Campeau, the accountant of contingencies, in the Montreal Bank, and it is only on a regular requisition that he issues his cheque. My cheque is of avail for that.

By Mr. Casgrain :—

Q. Now, you are, especially since you reside in Quebec, very intimate with Mr. Pacaud, are you not ?

A. Yes.

Q. You meet him very often ?

A. Very often.

Q. Every day ?

A. I would not care to say every day.

Q. But nearly ?

A. Very often—that should be sufficient for you—very often.

Q. When did you give Mr. Pacaud the order not to serve as intermediary between Government and those who had business with the Government, or as agent of those who had business with the Government ?

A. It was upwards of a year, when I left for Europe.

Q. It was upward, of a year when you left for Europe ?

A. Yes ?

Q. Could you tell us why you gave him that order ?

A. Generally. I explained it yesterday ; it was because I saw in the newspapers kinds of malevolent insinuations, and I thought it more prudent..... it was not as if it was rather a request to avoid as much as possible meddling with business..... of course.

Q. And he continued, however ?

A. He seems to have continued, but I was not aware of it, Sir.

Q. You know Mr. Pacaud's manner of living at Quebec ?

A. And what do you call manner of living ?

Q. The style of life he leads ?

A. The style of life ?

Q. Yes.

A. No, I cannot say that I know his style of living.

Q. You often went to his house ?

A. Often, yes.

Q. Since you are Prime Minister, you have always lived in Quebec ?

A. Pardon me.

Q. Apart from some absences to go to Tourouvre or elsewhere ?

A. Pardon me. I live in Montreal, that is where my family is.

Q. But you have a house in Quebec, and remain there constantly ?

A. I have a house in Quebec, and pass a large portion of my time in Quebec.

Q. Now, were you not surprised that Mr. Pacaud had arranged for you an interview with Mr. Heaton Armstrong and Mr. John J. Macdonald ?

A. First, I did not state that he had arranged an interview with Mr. John J. Macdonald. I said that he came with Mr. Cameron. I believe that it was with Mr. Cameron the interview took place, and whether Mr. John J. Macdonald was present or not, that does not take away its character as an interview with Mr. Hector Cameron. As to Mr. Heaton Armstrong, that it was Mr. Pacaud or any other person who introduced him to me, that is not the honour of knowing that gentleman, and I do not consider it is a dishonour if he has been introduced by Mr. Pacaud.

Q. Certainly not ; but were you not surprised ?

A. No.

Q. When Mr. Pacaud spoke to you for the first time about the negotiation of the Cooper syndicate, did that surprise you ?

A. He never spoke to me beyond what I have mentioned a short time ago. I was in the car.

Q. Did it not surprise you ?

A. I said he asked purely and simply whether I wished to receive Mr. Armstrong.

this matter, and I told him that I did not wish to see Mr. Armstrong on business. That fairly well expressed my surprise, I think.

Q. Did you on that occasion tell Mr. Pacaud: I pray you to be good enough to mind your own business—something in that sense—or not to meddle with Government business, which does not concern you?

A. As soon as I had told Mr. Pacaud that I did not wish to see Mr. Armstrong with respect to that matter, that I would answer Mr. Laflamme's letter myself after having consulted with my colleagues, Mr. Pacaud understood. He is very intelligent.

Q. When he arranged the interview for you with Mr. Heaton Armstrong, did you give him the same recommendation?

A. Ah! No, because that had reference to a transaction..... of floating bonds for a million dollars upon the English market, and as he told me that he had met Mr. Heaton Armstrong, and that it might favor the Baie des Chaleurs enterprise, I did not think that I should refuse to meet Mr. Armstrong to make him aware of the question of law upon which he wished to consult me.

Q. Do you remember whether you signed the subscription book of the Fortress Hotel Company?

A. I do not think so.

Q. You had not promised to take any amount of stock before leaving for Europe?

A. I would wish, before answering in a positive way, as I am asked for so many subscriptions, Your Honours, but this is what I remember: I met Mr. Dobell one day who, I believe, is the president of the company or one of the principal directors.....

Q. One of the principal directors?

A. And he asked me what we would be disposed to do for that new company. He told me all about it in a few words. I said to him: what do you want us to do? He said: First, we wish to have letters patent. I told Mr. Dobell: you may be certain that we will favor as much as possible the issue of the letters patent for an enterprise that may be so useful to Quebec. I must have added—it is my recollection for the moment, but I do not affirm positively—I must have added that if my subscription would be of any use, I would be most happy to subscribe, but I do not remember that I was got to subscribe before I left,—but I do not deny it.

Q. You returned from Europe on the 18th of July?

A. Yes.

Q. And Mr. Pacaud left on the 10th of August?

A. I cannot state the day of his leaving, except because he said so here. He knows it, I do not.

Q. You doubtless asked him, after your return from Europe, when people commenced talking of the Baie des Chaleurs matter, for explanations?

A. Yes.

Q. And you state that Mr. Pacaud, having promised them to you, never gave them?

A. I did not say that.

Q. Will you repeat what you did say?

A. I said that before his leaving for Europe, I asked him to make me a confidential memorial on the whole matter. He promised it to me and had not sent it before he left.

Q. It was only on that occasion, when you met him at Ste. Anne de la Pérade, when he was on his way to Ottawa or to Europe, that you asked him for a memorandum?

A. He was on his way to Ottawa, but at my request returned to Quebec to receive his subpoena and go to Ottawa.

Q. Before that date had you not asked for explanations?

A. It was the first time that I had met him to have a little talk with him. I met him on my arrival, to say good day to him, but there were somewhat too many persons there for us to talk about business. I met him once on Palace Hill,—I was in a vehicle—” he told me that he had telegraphed to Mr. Vidal, the chairman of the Senate Committee, that he was prepared to go to Ottawa, and I told him that he had done well. As soon as I could talk to him I did what I said a short time ago.

Q. Before that time, between the 18th July and the time you mention, did you not ask him for any statement of account or any explanation?

A. I have just told you the contrary; that when he came to Ste. Anne, I asked him to make me a memorandum of all that had passed.

Q. We do not understand one another. Unfortunately we have not been able to understand each other so far, perhaps we will come to it later?

A. I ask nothing better.

Q. You stated a moment ago, if I understand you correctly, that it was when Mr. Pacaud was on his way to the Senate, about the 10th of August?

A. I did not fix the date. He was on his way,—it was on Sunday—he was on his way to Ottawa. He was with Mr. Tarte—that will perhaps aid you to find the date—he was with Mr. Tarte and the Honourable Mr. Mitchell. I had received a despatch from him, I believe, or from Mr. Mitchell, and I went to the cars to meet him or those who had telegraphed to me, and I insisted that Mr. Pacaud should leave the cars and come with me to my house. He disembarked with Mr. Mitchell and he came to my house. He passed the afternoon there, and I had some time to myself to talk to him.

Q. Was that the first time after your return from Europe that you had met him?

A. No, I had met him on Palace Street and I had met him on my arrival; but it was the first chance that I had to speak to him, to be alone with him.

Q. Up to that time you had not, in writing or otherwise, asked him for a statement of account or explanations?

A. It was the only time I met him to have any conversation with him.

Q. There is an answer to which I wish to draw your attention: you stated, in speaking of Mr. Macdonald, that it was Mr. A. R. Macdonald, Sir Hector Langevin's brother-in-law. I believe you made a mistake there, it is Mr. John J. Macdonald?

A. No, I made no mistake in the way I mentioned him.

Q. Mr. Macdonald who was with Mr. Heaton Armstrong was Mr. John J. Macdonald? When you had an interview with Mr. Heaton Armstrong, I believe that Mr. John J. Macdonald was with him?

A. I do not remember whether he was with him.

Q. Did you meet Mr. A. R. Macdonald about the Baie des Chaleurs matter?

A. I met him on the occasion which I mentioned sometime ago.

Q. In any case, the contractor with whom you were to have negotiations was Mr. John J. Macdonald?

A. Certainly, Mr. John J. Macdonald.

Q. Now I believe that you said, Mr. Mercier, that you did not wish to do any business with Mr. C. N. Armstrong ?

A. I do not like to say more than I have said.

Q. Was that what you said ?

A. About that.

Q. That is the sense, is it not ?

A. Yes.

Q. And your surroundings, the ministers, your colleagues, knew that Mr. Armstrong was not in your good graces ?

A. Generally, yes. In my good graces..... we must understand.....

Q. As contractor ?

A. We must understand each other. Good graces..... First, I do not know whether I have a right to have good or bad graces. This is what I can say : I did not like to see the Government mixed up with transactions with which Mr. Armstrong would be mixed up, not that in my opinion there is any suspicion against his character or his honesty, but in what I understood to be the public interest, I would rather that he was not in it, and I would like that what I may or do should not be interpreted otherwise than in that sense. Socially, I would meet that gentleman, I never had a disagreeable word with him ; but in short, within the limits that I have just fixed, those were my sentiments.

Q. And in a general way, your colleagues knew of your sentiments ?

A. Not only my colleagues the ministers, but my colleagues in the House, in general, those who belonged to my party.

Q. Were there in the Department of Public Works any claims from Mr. Armstrong respecting the construction of the Baie des Chaleurs Railway ?

A. I produced this morning a letter from Mr. Moreau which says no.

By Mr. Bétique :—

Q. You have stated that Mr. John J. Macdonald showed you that book containing his estimates of the work ?

A. Yes.

Q. For what purpose did he show you those estimates ?

A. So as to get considerable additional aid.

Q. Did he show you or did he mention you any figure for the additional aid which he hoped to get ?

A. No. At least I do not remember.

Q. Now, you stated that you left Quebec, before leaving for Europe, on the 10th of March ?.....

A. On the 10th of March.

Q. Will you state whether you had intended to leave earlier ?

A. Yes.

Q. Earlier than the 10th of March ?

A. Yes. My departure was twice fixed previously ; once before there was any question the Federal elections. Our state-rooms, Mr. Shehyn's and mine and Mr. Clement's, were fixed even ; and later we again fixed our departure for before the elections, but my friends did not wish me to leave ; I then remained. That was before the 5th of March.

Q. Now, there is a question about the subsidies that were granted, — the railway

Mr. Bétique :—

It is a departmental matter; it is because these letters are not very explicit. I wish to know what is the ordinary course under such circumstances?

Mr. Casgrain :—

The letters are there and they explain themselves perfectly, they are very explicit. That is the letter written by Mr. Thom to Mr. Garneau and the official reply from Mr. Garneau or from Mr. Moreau, in any case the intimation from Mr. Moreau to Mr. Machin that such a sum would be placed in the estimates, at the next session, to meet the views expressed in the official letter. It seems to me that the letters can perfectly explain themselves.

Mr. Bétique :—

I do not see what can be the objection to my asking the Prime Minister what course it is necessary to take on such an application. I wish to place before the Commission that the Government, even by Order in Council, could not grant Mr. Thom's application, but that application could, at the furthest, only be submitted to the Legislature.

Mr. Casgrain :—

The letter states that.

Mr. Bétique :

If the letter states that, there can be no objection to asking the witness.

Hon. Mr. Justice Jetté :—

Have you that letter before you?

The Witness : -

I remember perfectly the terms of the three letters.

Hon. Mr. Justice Jetté :—

We do not see any serious objection in the question.

A. As is seen by his letter of the fifth of June, Mr. Thom asked for changes in the amount of the subsidies granted by statutes, that is he asked for additional advantages. It is really, for a portion at least, a kind of doubling up, as may be seen also by Mr. Garneau's letter dated the 16th June, he complies with Mr. Thom's request, but it appears that in the department where these letters are prepared, the usual form was forgotten, it is invariably as follows :

" The Government will submit to the Legislature, at the next session, a bill granting what you ask, as demands of that nature cannot be granted either by Order in Council or by letters from the department, it requires a change in the law." That is the reason why the letter seems to have been corrected in Mr. Moreau's letter dated the eighteenth of June, which he forwards to Mr. Machin the correspondence in question and in which he states

DEPARTMENT OF PUBLIC WORKS,

Railway Office,

QUEBEC, 18th June, 1891.

H. T. MACHIN, Esq.,

Assistant-Treasurer, P. Q.,

Quebec.

Dear Sir,

I am directed by the Honourable the Commissioner and acting Premier, to enclose you herewith a certified copy of a letter he has addressed on the 16th instant to Mr. A. M. Thom, the Secretary-Treasurer of the Baie des Chaleurs Railway Company, and by which the Government has agreed to his proposal to transfer and apply to the section of that railway extending between the 60th and 80th miles, and to pay to the company, two months after said completion, an amount of seventy thousand dollars out of the two totals of the 1st 35 cts. of its land subsidy, converted into money, under the acts 45 Vict., chap. 23, section 1, par. b, and 51-52 Vict., chap. 9, section 12, and which amount of subsidy (\$70,000.00) would otherwise, under the actual legislation be earned by them only on the completion of the two last twenty miles between the 80th and 100th miles on the section extending from Metapedia to Paspébiac. In consequence of the above acceptance of such proposal, you will be kind enough to take note of it and insert in the estimates to be laid before the House, at its next session, an equivalent amount of \$70,000.00 to be paid to that company, under the above conditions, during the fiscal year ending 30th June, 1892. At the same time, the Government will take care that the necessary legislation be adopted during next session to legalize such transfer and payment of \$70,000.00.

I remain, dear Sir,

Your obedient servant,

(Signed) E. MOREAU.

Director of Railways.

That is the regular manner which seems to have been omitted in the first letter of the sixteenth of June.

Q. During the course of the inquiry, there has been a reference to what has been called letters of credit; the letter for one hundred thousand dollars addressed to the Union Bank, and the letter for seventy-five thousand dollars addressed to the Banque Nationale, to cover the one hundred and seventy-five thousand dollars paid to Mr. Armstrong. Will you state whether there was anything unusual in the fact that letters of that nature were issued by a department?

A. There is nothing unusual, it is what is done, and what has always been done here in Quebec.

Q. Can you refer us to any precedents?

A. Certainly, if the Commission desires it, I might refer to a certain number of which I have a list here. First, I must state to the Commission that the expression, letters of credit, does not seem to me to be correct. I do not wish to discuss technicalities in expressions, but I understand that a letter of credit is a document.....

Hon. Mr. Justice Davidson :—

We may be getting on dangerous ground here. We are pretty strict as to details re

pecting these transactions and you must not complain if, later on, questions are put in connection with your examination that you do not like.

Mr. Bétique :—

If the Commission thinks that I should not enter into that.....

Hon. Mr. Justice Davidson :—

I do not say that Mr. Bétique, I only give you fair warning of what may possibly occur.

Mr. Bétique :—

I think that the remark just made by one of Your Honours is sufficient. I thought that perhaps we were obliged to enter into that question, but I take note of the remarks just made and I am prepared to withdraw the question.

Mr. Hall :—

Would the Commissioners mean then that all that portion referring to the habit of issuing letters of credit be struck out.

Hon. Mr. Justice Davidson :—

We do not think that should apply as to the past practice.

Mr. Bétique :—

I understand that it should be limited to my first question, if there was anything unusual, and the reasons that were given, without entering into details as to the letters of credit that may have been given.

Q. Will you state, Mr. Mercier, who were present, naming all the persons present when you made..... when the signed blanks were in question at your residence, as you have mentioned, on the tenth of March, I believe, before your leaving Quebec?

A. My recollection is that there were the Honourable François Langelier, the Honourable Chs. Langelier, the Honourable Senator Pelletier, Mr. Tarte, Mr. Pacaud and myself. I do not remember any other names. No person endorsed except myself on that day. The other endorsements were not made in my presence, at least not all of them.

Before withdrawing, I would like to complete my deposition by a general declaration, that no suspicion may remain in your minds respecting the accusations which have been brought against me. It is a matter for the Commission to inquire into whether I received any money in that matter. I wish to formally declare that I did not.

Hon Mr. Justice Davidson :—

That is quite proper.

Mr. Casgrain :—

Will you allow me, before making that declaration, there is a question which I forgot ask Mr. Mercier, when I examined him, and which I would ask to put now. The question

is this, and I submit it to the Commission : I wish to know whether it is not true Hector Cameron's letter to Mr. Mercier, of the 5th of December, eighteen hundred ninety was written at the request and on the suggestion of Mr. Mercier?

A. I cannot admit that ; that letter is dated at Quebec, the fifth, it was received in my office on the seventh ; I do not see why I should have suggested to Mr. Cameron that he should write to me.

Q. Do you deny it?

A. Well, Sir, I cannot deny that detail, but I cannot admit it either, I stand by my declarations. I do not see why I should have told Mr. Cameron to write me that it is possible that in consequence of an interview, it may have been agreed that that gentleman should put in writing what had been in question. That often happens, after an interview after a conversation on an important matter, for fear that I could not have exactly expressed the idea of the person speaking to me, I tell them : Be good enough to put that in writing or I say : put your proposal in writing ; but I do not remember that that was done in this instance, but I cannot go beyond the declarations that I have made.

Before terminating, I desire to declare that I did not receive, either directly or indirectly, in any favor, any promise or any consideration of any kind, either from Mr. Pacaud or from any person, in connection with this transaction.

The Witness :—

If the Commission will allow me, I have just read the conclusions of the letter which states that Mr. Cameron greatly regrets that under the circumstances he must discontinue the negotiations, that his client, Mr. Macdonald, is not in a position to undertake the contract. It is impossible that I could have suggested that. On the contrary all my evidence, to the best of my proof up to the present time, shows an ardent desire that Mr. Macdonald should undertake the enterprise. Another fact which is before Your Honours, is Mr. Cameron's letter of the 10th of February, when the new subsidy was in the statutes, the statutes distributed, and especially to an advocate of Mr. Cameron's standing.

He again asks me if I will grant the ten thousand acres per mile, and I replied that it was impossible to grant one cent more than what is in the statute.

And further the deponent saith not.

Mr. Hall :—

Before the Commission adjourns, I may say, with reference to this letter of the 10th of September, that when I saw it in the record, I spoke to Mr. Macdonald about it. It was written by Mr. Hector Cameron ; and I asked him why it was written ; and he said it was written after an interview he had had with Mr. Mercier. Matters were not progressing favorably with the company, and they were pressing the Government also to include a larger sum in their estimates to try and get more under the terms of their contract. Mr. Mercier suggested to Mr. Cameron that a letter might be written stating the circumstances ; and this letter was understood to be written in the presence of Mr. Macdonald in the Garrison Club. Under these circumstances, I do not know that it is of a great importance other than this, that it might seem from the terms of this letter that the negotiations with the Government were interrupted or broken off. On this point I like to recall Mr. Macdonald.

Hon. Mr. Justice Jetté :—

If you think it of any importance you may recall him.

JOHN J. MACDONALD, recalled on the special application of Mr. Hall, Q. C., deposed as follows :—

By Mr. Hall, Q. C. :—

Q. Mr. Macdonald, I would like to call your attention to the letter bearing date the fifth December, which has been filed as **Exhibit No. 108**, being a letter written by Mr. Hector Cameron to the Honourable Mr. Mercier in connection with the Baie des Chaleurs Railway Company, referring to the negotiations with the Government and in the latter part referring to the negotiations being broken off. Do you recollect when that letter was written and why ?

A. It was written at the Garrison Club, by Mr. Hector Cameron. I was sitting beside him when it was written.

Q. Was that after you had an interview with Mr. Mercier ?

A. That was after an interview with Mr. Mercier.

Q. Do you recollect what was the object of Mr. Cameron writing that letter ?

A. As I understood it, the letter was written with the object of assisting Mr. Mercier to get legislation through. We told him of the difficulties we had with the Company ; and Mr. Cameron put it as strong as he could with that object in view,

Q. You were sitting alongside him when he wrote it and saw him sign and seal it ?

A. Yes.

By Mr. Bétique :—

Q. Of which interview do you speak ?

A. Well, I had three interviews altogether that I remember of. It was either the second or third, because the first interview with Mr. Mercier was in New York.

Q. How many days after the interview with Mr. Mercier was that letter written ?

A. He came down at once and wrote it, because it is written in his own hand-writing, as I stated before. He had not the chance to get it written on the type-writer. He made a rough draft of it and sent it, and got it type-written for copies after, when he went to Toronto.

Q. Was it on the same day as the interview took place ?

A. As far as I remember I think it was.

Q. Was the interview had with Mr. Mercier in Mr. Mercier's office, or was the interview in the Speaker's room ?

A. I only remember of three interviews myself particularly. I know he wrote the letter after an interview with Mr. Mercier. I was sitting beside Mr. Cameron when he wrote it. He complained of the trouble we had with the company, and Mr. Mercier asked us to give him these facts, and we wrote with that object, with the object of assisting him in the legislation required. I won't say that Mr. Mercier told us to write it for that object, but it was

Q. Will you state why you placed them there ?

A. To authorize the payment of the cheque.

Q. Are you accustomed to put your initials ? Is it not the ledger-keeper who usually puts his initials to accept a cheque ?

A. It is the clerk who initials, the ledger-keeper.

Q. Then, how is it that you initialed that cheque for three thousand five hundred dollars (\$3,500) ?

A. I did not refer to Mr. Mercier's account before coming to the Commission ; perhaps it was necessary to overdraw the account by a few dollars, and perhaps that was the reason I initialed it.

Q. Perhaps there were no funds ?

A. I could not say that.

Q. Will you please search and state whether at that date there was sufficient money to meet the cheque in question ?

A. I have nothing here that would assist me to search, for I simply was ordered to present before the Commission the cheques for five thousand dollars (\$5,000) and for three thousand and five hundred (\$3,500), and as these cheques had been returned to the Honourable Mr. Mercier, I had only brought Mr. Mercier's receipt.

By Hon. Mr. Justice Jetté :—

Q. Can you verify it from your books ?

A. Yes, Your Honour, we can verify it.

The deposition of the witness is adjourned until to-morrow, the thirtieth of October, 1891.

ANGUS McINTYRE THOM, aged 42, secretary-treasury of the Baie des Chaleurs Railway Company, being duly sworn upon the Holy Evangelists, doth depose as follows :

Hon. Mr. Justice Davidson :—

Q. What is your present position as regards the Baie des Chaleurs Railway Company ?

A. Secretary-Treasurer and Director.

Q. How long have you been holding that position ?

A. Since the 6th of May.

Q. What year ?

A. This year.—no, sir, I am wrong there : I think the secretaryship was at the next meeting,—probably a week later.

Q. When did you first become connected either directly or indirectly with the negotiations which were in progress to take over the franchises and work of the old Baie des Chaleurs Railway Company and complete the road ?

A. Do you mean when I first began negotiations ?

Q. No, the question is broader than that ? (Question repeated to witness.)

A. I think about the latter end of February.

Q. Of what year ?

A. This year.

Q. State with what respect,—in connection with what persons.

A. The negotiations first commenced through Armstrong.

Q. Had you any previous connection with Mr. John J. Macdonald or Hector Cameron?

A. I have done business with them but no connection with them about this road.

Q. Did Mr. Macdonald make you acquainted with the fact that he was endeavoring to obtain possession of the road?

A. Yes, Sir.

Q. What was the earliest date at which he made any statement of that kind to you?

A. I think it was first mentioned to me by Mr. Hector Cameron in the Windsor Hotel—probably in July or August. He telephoned to my office asking me to meet him there.

Q. What year?

A. July or August of last year. He was going to Quebec to make arrangements to secure possession of the Baie des Chaleurs Railway, and asked me if I would give him the information I possessed in the matter, which I did.

Q. Why did he apply to you?

A. Because he knew we were creditors and had some knowledge of the subject.

Q. Whom do you mean by we?

A. Cooper, Fairman and Company.

Q. You were employed by them?

A. No, I had an interest in the business.

Q. What did you do?

A. Mr. Cameron came to Quebec. He was here for a week and then returned. He told me it was impossible for him to conclude anything definitely just then. He was going back and going to try to close negotiations with the company in some way.

Q. Proceed.

A. I think he intimated that he was going to Toronto to try and first of all obtain a settlement with the Ontario Bank who had a large claim. He expected to settle with the Ontario Bank or something like that.

Q. You need not go into the particulars of that.

A. My next connection was I think I met Mr. Macdonald in Quebec some time in the month of September I should say. He told me it was impossible for him to conclude negotiations with the company. He showed me a statement of the position as he understood it at the time, and an offer that he had made to Riopel of which in fact he gave me a copy—of his figures. I don't think I had any further negotiations until Mr. Macdonald told me that he had ceased negotiations with the company.

Q. Well?

A. Mr. Macdonald, Mr. Cameron also told the same thing that he had ceased negotiations with the company. I think I inquired again from Mr. Macdonald to be sure that he had really ceased negotiations with the company and I think I made this inquiry in the presence of Mr. Cooper when Mr. Macdonald repeated his assertion that he could conclude no arrangements with the old company. I was very anxious for Mr. Macdonald to conclude the contract for the reason that Cooper, Fairman and Co's debt was secured by the road, and I was anxious that the road should be proceeded with so that the

should be of some value. Mr. Armstrong may have seen me before that, but just about that time he presented me with a statement.

Q. What date are you speaking of now?

A. About the early part of March of this year. Mr. Armstrong presented me with a statement, showing the list of subsidies, engineers' certificates, showing the cost of building the road and told me what it would cost to buy him out and what he thought the cost of buying out the shareholders would be.

Q. Have you those figures?

A. No Sir, I have not.

Q. You say he gave you a written memorandum?

A. It was a pencil memorandum.

Q. Which you have not kept?

A. No Sir.

Q. Have you kept Mr. Macdonald's figures?

A. No Sir.

Q. Did you use them in any way?

A. No Sir, I never used them in any way.

Q. Will you recall the amount that Mr. Armstrong mentioned as due him?

A. He did not say due him; he said \$180,000 would buy him out. He didn't say it was due him. I think he stated also that it would cost \$65,000, to buy out the shareholders. After having had two or three interviews with Mr. Armstrong he told me that Mr. Mercier was leaving for England and spoke to Mr. Cooper about the matter, and that if he could make an arrangement with the Government he would go into the matter. I telephoned to Mr. Laflamme asking him if he would make an appointment with Mr. Mercier, and Mr. Laflamme made the appointment. Mr. Cooper and I drove up to Mr. Mercier's house about six o'clock.

Q. What date was this?

A. In the early days of March.

Q. How long previous to his leaving for New York?

A. The night previous. Mr. Laflamme asked Mr. Mercier if he was prepared to treat for the Baie des Chaleurs matter, and presented a list of subsidies and asked him if that list was correct. Mr. Mercier said he had not the data with him just then and could not say, but if we would write a letter to him asking for this information he would reply.

Q. Have you a list of the subsidies presented through Mr. Mercier's communication?

A. No, Sir, I have not. I could repeat them from memory, however.

Q. You might do so.

A. There was 800,000 acres of land, the value of which was \$280,000; \$260,000 due on the last 40 miles; \$50,000 on the bridge of Cascapedia; \$64,000 from the Federal Government and an unpaid balance of thirty-one thousand and some odd hundred dollars from the Federal Government, which is the total list of the subsidies.

Q. Is that the \$31,000 that Mr. Armstrong had already given credit for?

A. He never gave credit for it.

Q. Not it his statement?

A. It has not been earned. If it is on his statement I don't remember it.

Q. What is the total amount of subsidies or payments that you mentioned?

A. I will have to add them up.

Q. \$585,000, isn't it?

A. Perhaps it is ; no, it is \$685,000.

Q. What followed, Mr. Thom ?

A. Mr. Mercier told us that he was not familiar with the amounts, but that if we would write him a letter on the subject he would answer it, and we did so and Mr. Laflamme got a reply which he handed to myself or Mr. Cooper.

Q. Is **Exhibit No. 102** a copy of Mr. Laflamme's letter, to which you refer ?

A. Yes, Sir.

Q. Is **Exhibit No. 113** a copy of the reply received ?

A. Yes, Sir, and I hold the original in my hands.

Q. Then what took place ?

A. Some days subsequent to that Mr. Armstrong came to me with a telegram or stated that he had received a telegram.....

Q. Mr. Armstrong came to you ?

A. Well, he either showed me a telegram or represented that he had a telegram from Mr. Pacaud asking that he and Mr. Cooper should go to New York to see the ministers. Mr. Cooper was unable to go at the time and Mr. Armstrong and I went to New York. While in New York at the Brunswick Hotel about 11 o'clock in the day Mr. Armstrong and I.....

Q. What day was that ?

A. I think it was about the day or the day before Mr. Mercier sailed.

Q. About the 13th of March ?

A. Yes, if that was the day he sailed. Mr. Armstrong introduced me to Mr. Pacaud and also to Mr. Robidoux and also to Mr. Charles Langelier. I asked Mr. Robidoux and Mr. Langelier if they were in a position to receive a proposition with regard to the Baie des Chaleurs Railway company, and Mr. Robidoux replied that provided we gave satisfactory security to the Government he was in a position to entertain a proposition, but not just then as they were going away and would not be back for some time, but on their return they would be prepared to receive any proposition I should make. Mr. Armstrong and I then left for Montreal that same day.

Q. Was that all that occurred ?

A. That was all that occurred at that interview.

Q. When did you first become aware that Mr. Pacaud was intervening in this or any previous negotiations as regards the railway ?

A. I heard it first from Mr. Hector Cameron and subsequently from Mr. Armstrong.

Q. Had you any knowledge of the nature of his connection with Mr. Cameron and Mr. Macdonald ?

A. No knowledge.

Q. None whatever ?

A. No Sir, nor of the nature of his arrangements with Armstrong.

Q. What position did he assume or did you concede to him at the interview in question in New York ?

A. You mean with Pacaud ?

Q. Yes Sir.

A. I had no conversation with Pacaud, but Mr. Armstrong and Pacaud retired while I was talking with the ministers.

Q. For what purpose did you suppose yourself introduced ?

A. I presumed he was a go-between between Armstrong and the Government.

Q. What occasioned you that belief ?

A. From what I had heard, and also from knowing that a man does not work for nothing. I supposed Armstrong was using him for some purpose.

Q. How far did you mix in that supposed position of his?

A. I had nothing to do with it one way or the other.

Q. Had you any further conversation with Mr. Pacaud on that occasion?

A. No Sir.

Q. Any conversation at all?

A. Not on that occasion.

Q. Nothing passed between you save the matter of the introduction?

A. I believe that was all.

Q. Did you see him subsequently in New-York?

A. Never.

Q. Or discuss with him the question of this railway?

A. Never.

Q. I would like you to state now what was the exact nature and extent of the interest which your firm represented in this work.

A. About \$19,600.

Q. Due by whom?

A. By MacFarlane, or rather the estate of McFarlane: \$17,000 was by the estate of MacFarlane and \$2,000 and something odd by Armstrong and Gervais.

Q. Who was Gervais?

A. He was a sub-contractor on the line.

Q. I understand that your efforts up to this moment were addressed to putting the transaction in such a position as would result in your being paid this debt, and do I understand you to say that you were willing for that purpose to assume the completion of the railway?

A. Provided I was satisfied with it as a business venture.

Q. Proceed?

A. Returning from New York, I think I came to Quebec, but I am not sure. If I did, I only stayed for a day, probably about the end of March. I think I came to Quebec. I then went to Toronto to endeavor to get the Ontario Bank to purchase—I mean to sell—their claim or to make some arrangement with them through my solicitor, in which we did not succeed. I left Toronto and proceeded back to Quebec, and in Quebec, I met Mr. Pacaud, who introduced me, or I had been introduced—I am not sure which—to Mr. Garneau and Mr. Ross.

Q. Why or through what communication did you go to Mr. Pacaud?

A. I think I might have asked him to give me an introduction.

Q. Did you telegraph or write that you were coming?

A. No Sir.

Q. Did you send for him after your arrival?

A. It is possible I did. I was anxious to see Mr. Garneau and Mr. Ross.

Q. I don't clearly understand whether or no Mr. Pacaud accompanied you to the apartment?

A. A don't think he did. I think he brought me up as far as Mr. Langelier's office,—J. C. Langelier's office,—the commissioner—and asked Mr. Langelier, if he would give any information I wanted regarding the standing of the road, that is: the amount of it and by whom due. I am not positive whether Mr. Pacaud introduced me to Mr. Garneau, because I had met Mr. Garneau before. I met Mr. Garneau and Mr. Ross there.

I know I had asked Mr. Pacaud for an introduction to Mr. Garneau and Mr. Ross, and came up and saw Mr. Langelier, and subsequently I met Mr. Garneau whom I had known three or four years previously and then spoke to him. Mr. Garneau I believe arranged an interview with Mr. Ross. I had an interview with Mr. Ross, but that interview was as to the location of the line and the possibilities of the road. Subsequently at another meeting I saw the same gentlemen,

Q. Where did Mr. Pacaud meet you?

A. Mr. J. C. Langelier's office. Then after spending some days looking into the accounts I made a proposition to the Government which they declined, and we had several interviews before the Order-in-Council of the 23rd was arrived at.

Q. Fix the date, if you can, of this arrival in Quebec?

A. I think it must have been on the 16th: I am not positive. The 15th or 16th of April.

Q. Well. Were those offers which you made and were so refused by the Government in writing?

A. Yes Sir.

Q. Can you produce them?

A. No Sir.

Q. Why?

A. They were made in the St. Louis Hotel, and changed from time to time. I would meet the ministers and they would scratch their pen through some portion of my proposition, and lead-pencil in something else, and it kept on like that until we finally got to the last one. The papers were all destroyed as they went along, and new sheets written on.

Q. What was the date of your first formal written communication to the Government?

A. I suppose it would be about the 17th I think, Sir.

Q. Of April?

A. I think so.

Q. Do you refer to the letter which is incorporated in the Order-in-Council?

A. Well, that letter may not have been written on the 17th. I think it is the 17th of March. I mean. Yes, it is the 17th, but the letter may not have been written on that day.

Q. Why are you in doubt as to the exact date upon which this was written?

A. I had simply forgotten it.

Q. You see the letter now? (here letter in question was handed to witness.)

A. Yes, Sir.

Q. It was written on the 17th of March?

A. No Sir, I don't think that letter was written on the 17th.

Q. Why not? It is so dated.

A. Well, because my first letter was always preserved, and the alterations were made and this is a growth from the first one. You see the date was preserved all through. It is not the date it was written on.

Q. Then although dated on the 17th of April this is since then?

A. Yes Sir, since the alterations were made. The original was written on the 17th of March.

Q. Then the completion of your negotiations occurred some days after the 17th of March?

- A. I think so.
- A. And you ante-dated your official letter ?
- A. The date of the letter was always preserved.
- Q. What followed the delivery of the letter ?
- A. The Order-in-Council.
- Q. How long after the delivery of this letter was the Order-in-Council passed ?
- A. I think it would be two or three days.
- Q. You recollect that the date of the Order-in-Council was the 21st of April ?
- A. Yes Sir, I think it was about the 20th or the 21st that I concluded the business with the Government.
- Q. Did you remain in Quebec ?
- A. Yes Sir, until the first of May I think.
- Q. Until the 1st of May. And up to the date of the Order-in-Council what assistance had you sought during these intervals from Mr. Pacaud, and to what extent, if any, did he intervene between you and the members of the Government ?
- A. Not any.
- Q. By " during these intervals " I mean the interval represented by the date of your arrival and the delivery of your letter dated 17th of March ?
- A. I never sought Mr. Pacaud's assistance in any way, shape or form.
- Q. Or saw him ?
- A. I may have seen him, but just casually.
- Q. Did you deliver any messages to him or receive any ?
- A. I never delivered any message or received any.
- Q. You state that you delivered this letter. For whom were you acting ?
- A. For the syndicate.
- Q. You state in this letter : " We are in a position to secure." To whom do you refer ?
- A. I meant by that that we could purchase the franchises of the Company.
- Q. But whom do you refer to by the word " we " ?
- A. Those mentioned in the letter there—Mr. Cooper, Mr. Dawes, Mr. Ewing, Mr. Cassels and Mr. Williamson.
- Q. What authority had you from them ?
- A. Mr. Cooper's authority.
- Q. In writing ?
- A. No, Sir.
- Q. Why do you mention Mr. Cassels ? His name does not appear in the letter ?
- A. He is on the directorate now.
- Q. I was asking you for whom you were acting ?
- A. That is all.
- Q. Had you authority from him ?
- A. I had no communication from any person excepting Mr. Cooper.
- Q. Had there been up to that time any written agreement between those parties ?
- A. No, Sir.
- Q. Do I understand you to say that you had not in your possession at that time any written authorization with reference to these negotiations ?
- A. No, Sir.
- Q. Had there been any required of you ?
- A. Previous to closing the contract with the Government they asked that I should get

MONTREAL, 18th March, 1891.

AMES COOPER, ESQ.,

Montreal.

DEAR SIR,

Agreeably to your proposition, I may state that I am authorized on behalf of the shareholders representing seven-eighths of the stock of the Baie des Chaleurs Railway Company to sign the following declaration :

Said shareholders will transfer their rights to said stock at any time within a period of forty days from date hereof, provided the conditions and terms agreed upon between us be carried out within the above period.

I am, Dear Sir,

Yours very truly,

L. J. RIOPEL,

Managing Director,

B. C. R. Co.

Q. Produce the contract containing the terms and conditions referred to in this letter ?

A. They were verbal, sir, \$75,000 for seven eighths of the stock.

Q. What about the outstanding claims ?

A. The outstanding claims were payable by Mr. Armstrong out of whatever money he received, that is, excepting whatever might be due to the estate MacFarlane.

Q. That of course would include the claims on the road due by the estate ?

A. Yes, Sir.

Q. Apart from the MacFarlane claim and the Armstrong claim you were to obtain the transfer of the control of this company for \$75,000 clear of all liabilities ? Was that the understanding ?

A. No, Sir. We had to pay Mr. Armstrong.

Q. That is not an answer to the question. Apart from the MacFarlane claim and the Armstrong claim you were to obtain the transfer of the control of this Company for \$75,000 clear of all liabilities ?

A. Yes, Sir.

Q. And the arrangement you had made with Mr. Armstrong was to include a discharge, so far as you were concerned, of the MacFarlane claim. Is that correct ?

A. No, Sir.

Q. Who was to pay the MacFarlane claim ?

A. The company.

Q. Which company ?

A. The present company,

Q. The present company was to assume the MacFarlane claim ?

A. Yes, Sir.

Q. Then you assumed the Armstrong and MacFarlane claim ?

A. Yes, Sir.

Q. Up to this moment had you any written agreement with Mr. Armstrong ?

A. No, Sir.

Q. I understood you to say that you had not then arrived at a settlement with the representatives of the MacFarlane estate ?

A. No, Sir.

Q. Was the figure as to the Armstrong claim settled upon definitely?

A. It has been now, Sir.

Q. At that time?

A. He first intimated that it would take \$180,000 to settle his claim; and subsequently got him to take \$175,000.

Q. At what date?

A. Sometime in April, Sir.

Q. Previous to or after your completion of the contract with the Government?

A. After, Sir.

Q. Were you aware that he had made previous proposals as to settlement with old company?

A. Yes, Sir.

Q. At what figure?

A. I understood it was \$75,000.

Q. Was that the only figure of which you had become aware that he was ready to settle for?

A. No, I have no positive knowledge; but I heard after he was willing to.—

Q. At this time?

A. Oh, no. I had heard from, I think, Mr. Macdonald that Mr. Armstrong was willing to take some figure less than \$75,000. I cannot remember what figure it was he told me. It may have been forty or fifty thousand dollars, but I don't know.

Q. You will explain why it was that being in possession of this knowledge you were willing to give Mr. Armstrong \$175,000?

A. There was \$280,000 added to it—to the position.

Q. In what way?

A. The 800,000 acres of land had not been voted when Mr. Armstrong had made his first offer; and when he came to me I intimated to him that he had offered to sell cheaper previously.

Q. Up to this time, either directly or indirectly, had it been intimated to you, or had it come to your knowledge that Mr. Armstrong had, out of any sum received from you, to use any sum for other than legitimate business claims?

A. No, Sir.

Q. No knowledge whatever?

A. No, Sir.

Q. No idea whatever?

A. No idea, Sir.

Q. You imagined that the \$175,000 was to be for his own personal benefit?

A. Certainly, Sir.

Q. What followed, Mr. Thom?

A. I was to remain in Quebec after the passage of the Order in Council?

Q. After the passage of the Order-in-Council Mr. Armstrong was forcing to get a settlement?

A. I was anxious that the Government should comply with the Order in Council and pay Mr. Armstrong the amount of his claim.

Q. You are to proceed in order of date as to any correspondence which you have had, not only your personal interviews and conversations in connection with the matter?

with the matter, but if correspondence intervened, to take the correspondence up in order of date?

A. Unfortunately our solicitor got some of our correspondence.

Q. Who is your solicitor?

A. Mr. Lonergan. He had the correspondence in Ottawa; and he was taken suddenly ill with typhoid fever, and is away now. I will telegraph him for it.

Q. What was your first letter after the 23rd April?

A. Well, from memory, I think it was advising the Government.

Q. Have you any record of it?

A. No, Sir. I think it was advising the Government of the election of directors.

Q. Look at **Exhibit No. 17** and state if that is the letter. It is a letter addressed by you to Mr. Garneau of date the 24th April, dealing with subsidies. What was the purpose of this letter?

A. To be sure of the interpretation of the Order-in-Council.

Q. Did it in any way seek to alter the terms of the Order-in-Council?

A. No, Sir, simply in order that there should be no misunderstanding.

Q. And as I understand it, **Exhibit No. 18**, of like date, Mr. Moreau's reply to you? (Exhibit is handed to witness.)

A. Yes.

Q. You have referred to a notification as to the election of directors. Is that the telegram to which you have referred or is it another?

A. That is a letter.

Q. Have you it with you?

A. I have got the reply from the Government, but I have not got my letter to the Government.

Q. Have you no other memorandum, no entry, in the books of your company as to any other correspondence which took place between you and the Government?

A. At what date?

Q. It is for you to tell, Mr. Thom.

A. No, Sir, I have no knowledge of any letter previous to the 18th May.

Q. No letter written by you?

A. There may be, but I have no trace of it.

Q. No record in your books at all?

A. No, Sir.

Q. Look at the letter written on departmental paper, dated Quebec 27th April, 1891, addressed to yourself and signed by Mr. Garneau, with the signature now erased, being **Exhibit No. 24**, and state in whose hand-writing is it?

Exhibit is handed to witness.

A. I don't know, Sir.

Q. It is not in yours?

A. No, Sir.

Q. Did you ever receive it?

A. Yes, Sir.

Q. You received it?

A. Yes, Sir.

Q. Read it please.

“ EXECUTIVE COUNCIL, QUEBEC.

“ QUEBEC, 27th April, 1891.

“ A. McINTYRE THOM, Esq.,

Quebec.

“ Dear Sir,

“ Referring to the letter of credit of \$175,000 about which we had the conversation to-day, in the absence of the assistant treasurer it is not convenient to issue the same before to-morrow. This letter will be issued to-morrow. The proceeds of the same will be paid by the Government employee in accordance with the terms of the Order-in-Council No. 237.

Yours truly,

P. GARNEAU.

“ P. S. This sum of \$175,000 will not bear interest between this and the 1st June. At the 1st June, interest at five per cent will be paid.”

Across the face of the letter is written : “ This letter cancelled, replaced by others. P.

Q. Do I understand you to state that this letter was delivered to you ?

A. I think this is the letter I had in my possession and returned to Mr. Garneau.

Q. Why ?

A. Because I was tired of the whole scheme and wanted to go home ; and I returned him his letter.

Q. Your statement does not agree in appearance with the endorsement across the face of this letter, Mr. Thom, as the letter states it is cancelled because it is replaced by others.

A. Yes, Sir.

Q. What others replaced it ?

A. I don't know what he referred to.

Q. What others replaced it ?

A. I don't think I ever got another letter from him.

Q. Is it usual for you to return letters of this kind instead of answering them, and say you have withdrawn from the agreement ?

A. Yes, Sir, under these peculiar circumstances.

Q. You notice that this letter of credit was promised for the next day ?

A. Yes.

Q. And you were really in such tremendous haste that you declared you would take up the whole agreement ?

A. No, Sir, that is not the position.

Q. What is it ?

A. I am speaking of this day. I don't believe I returned it the same day.

Q. Then, you must have returned it on the day this letter of credit was promised to you ?

A. Yes, Sir.

That letter was given to me, if I remember rightly, in the evening, and in the morning I saw Mr. Garneau with reference to these letters of credit, and he raised some new question. I thought it was unfair on Mr. Garneau's part.

— What was the question ?

A. I cannot remember what it was ; but I had met with so many trivial oppositions in one way or another that I was about tired of it ; and I said to Mr. Garneau that I was not particularly anxious to go on with the matter any further, that I had been away from home for about two weeks and I was about tired of the matter. I was perfectly willing if he would return me the bonds I had given him that I would return him his letter, and we would part the best of friends and call the whole transaction off.

Q. You returned the letter ?

A. Yes, Sir.

Q. Did he return the bonds ?

A. No, Sir.

Q. What bonds did you give him ?

A. \$500,000 of bonds which I deposited in accordance with the Order in Council as security.

Q. I have sought to have you tell everything that occurred in order of date. This seems to be an important omission, this delivery of bonds.

A. They were delivered, I had forgotten about it. It is stated in my letter. I do not remember the date the bonds were delivered. I think you have got a receipt for the bonds.

Q. Delivered when ?

A. I don't remember the date.

Q. Have you any copy of these letters ?

A. We have a copy of these letters in the hands of our solicitor.

Q. But that is in your possession. You must have known that you would be required to produce all these papers.

A. There are copies of them here before the Commission.

Q. Have you any letter-book, Mr. Thom ?

A. I have, Sir. These letters were written in Quebec : they were not written in Montreal. All this business was done in Quebec and I had no way of keeping copies.

Q. You preserved no copies ?

A. No copies, excepting what I may have made when I was at home. I took lead pencil copies and wrote them when I was at home.

Q. The copies of the letters are in the hands of Mr. Lonergan ?

A. Yes, Sir.

Q. I think it your duty to take immediate steps to secure them ?

A. I will telegraph down this afternoon.

Q. How did you obtain possession of half a million dollars worth of bonds at this time ?

A. Mr. Lonergan, our solicitor, arranged that with Mr. Riopel. Simply got them on trust, saying we would pay for them if we availed ourselves of the option, and if we did not we would return the bonds.

Q. Do you recall the date of these bonds ?

A. The date ?

Q. They were unissued bonds of the old company ?

A. Unissued bonds of the old company.

Q. At what did you value them. Was there any par value put upon them ?

A. No ; it is hard to tell till the road is built what the bonds are worth.

Q. At what money value did you estimate this security of half a million dollars worth of bonds at that date?

A. From my standpoint, a great deal ; because we determined to complete the road and once we determined to complete the road I thought the bonds.....

Q. At that date?

A. At that date I did not attach any great value to them without the contract was going on with.

Q. Look at the letter dated Montreal, 12th May, addressed by you to Mr. Garneau found in the Public Works record and state if it is the one to which you refer as notifying the Government of the election of directors ?

(Exhibit is handed to witness.)

A. Yes, Sir.

Q. You may read it.

“ MONTREAL, May, 12th, 1891.

“ HON. P. GARNEAU,

“ *Commissioner of Public Works*
“ *and Premier ad interim.*

“ Honourable Sir,

“ I have the honour to inform you that at the annual general meeting of the shareholders of the Baie des Chaleurs Railway held in Quebec on the 6th instant, conformably to its charter, the following shareholders were elected directors of the Company for the ensuing year : James Cooper, J. P. Dawes, James Williamson, Alexander Ewing, Angus M. Thom, William Cassels, M. S. Lonergan. As a special act required the nomination of seven directors, the last two names have been added in addition to the five already submitted to you. The company await the nomination of two members to be appointed by your Government, which will be immediately confirmed by this Board. At the meeting of the directors duly held on this day the following officers were appointed for the ensuing year : James Cooper, president ; J. P. Dawes, Vice-President ; Angus Thom Secretary Treasurer. ”

Q. Have the two nominees of the Government, so provided for by the statute, been appointed ?

A. No, Sir.

A copy of the above letter is filed as **Exhibit No. 126.**

Q. When had the gentlemen named in this letter as having been elected directors acquired the stock on which they qualified?

A. They were transferred to them previous to the annual meeting.

Q. You will produce the stock-book and show that.

(Witness produces stock-book.)

The Witness.

— The transfers were on the 25th, sir.

— I will read out the transfers. Begin with Mr. Cooper.

Cooper's date is two years ago.

I, state it ?

A. M. S. Lonergan, April 25th, 10 shares ; William Cassels, April 25th, 10 shares ; James Williamson, April 25th, 10 shares ; Alexander Ewing, April 25th, 10 shares ; J. P. Dawes April 25th, 10 shares ; Angus Thom, April 23rd, in trust, 4670 shares ; James Cooper, at various dates, 530 shares ; Samuel Shackel, January 29th, 1886, 20 shares ; Robert McGreevy, May 10th, 1884, 660 shares ; the first lot. That is all. That qualifies all the directors. I will leave, if you wish an official list of the stock.

Q. It is just what we have ?

A. No, I think there is a difference. I think that would be short seventy shares what I have read.

Q. What is the total number of shares ?

A. 6000.

Q. I make the total of the shares of which you have given the details 5930.

A. That is what I thought. I now file a correct list as **Exhibit No. 127**.

The seventy that are short are in my name. I have two accounts—one in trust and one in my own name.

Q. What is the general nature of this trust, Mr. Thom, which you represent ?

A. Held in trust for the gentlemen forming the syndicate at the time.

Q. To whom do you refer ?

A. To James Cooper, James Williamson, J. P. Dawes.

Q. All the directors ?

A. All the directors.

Q. Why were they not entered in their own names ?

A. I was down here and they were not at the time to take possession.

Q. It has ever since stood in that way ?

A. Everything stood there.

Q. Have any of these gentlemen put money into the concern ?

A. The company gets all the money it wants.

Q. The company gets all the money it wants ?

A. Yes, Sir, Mr. Cooper supplies the company with all the money it requires.

Q. Is it, or not a fact that the other gentlemen were qualified by Mr. Cooper to act as directors ?

A. Certainly.

Q. They are nominally directors ?

A. They are taking an active interest.

Q. Did they have any monetary interest in the company ?

A. The reorganization has not taken place yet.

Q. What do you call the reorganization of the company ?

A. The distribution of the stock, the allotment of the stock to decide which each shall take.

Q. Did anything further take place in the way of this reorganization up to or about this date ?

A. Nothing further than that. Nothing that I can remember.

Q. Have you the minutes of the meeting ?

A. Yes, Sir.

Q. I would just like to see the minutes. Before I reach this point, Mr. Thom, I would like you to shew me the stock transfer book in which these shares were transferred. Were they ever accepted ?

Witness exhibits books.)

A. Yes, Sir, they were accepted.

Q. All duly accepted?

A. All duly accepted.

Q. Previous to the date of this meeting?

A. Well, I would not say—probably Mr. Dawes' or Mr. Ewing's might have accepted the next day. I would not say as to that.

Q. What is the par value of those shares?

A. Oh, I would not....

Q. The par value?

A. Fifty dollars.

Q. I must go back in order of time, Mr. Thom, to ask you what you had to do with how you were immediately concerned in, the issue of the letters of credit for \$175,000?

A. It was very important that we should get on with the work. The Order-in-Council stipulates that the privileged claims shall be paid by the 10th May; and I wished at same time to start operations on the road, and until I could get possession of Armstrong claim, it was impossible for me to commence operations; hence my anxiety to see account paid.

Q. You have stated the cause of your connection: I ask you what the connection with reference to the letters of credit. What did you do? What caused you after he returned this letter to Mr. Garneau to in turn recall your decision?

A. I did not, Sir. I gave him an option.

Q. You handed him back his letter and said "I am done"?

A. Yes.

Q. Well, now you were not done?

A. Yes, Sir; I was perfectly done, if he chose to put that on it; but he turned round and said he would give the letters of credit.

Q. But he said so in his letter?

A. Yes.

Q. Then this new suggestion of his intervened, which he withdrew?

A. Yes.

Q. And which you cannot recall?

A. No, Sir, I cannot recall it. It was nothing serious, but something which contemplated a delay. I cannot remember what it was.

Q. About this time where was Mr. Armstrong?

A. He may have been in Quebec.

Q. About this time where was Mr. Pacaud?

A. He was in Quebec, no doubt. I saw him here repeatedly. After April 23rd I saw him very frequently.

Q. For what purpose?

A. No particular purpose—met him casually.

Q. Not in connection with this matter at all?

A. I have had some chats with him in connection with the matter, but not

his assistance or was his assistance given in connection with the letters of credit?

A. I asked his assistance.

Q. Did you invoke his assistance?

A. Mr. Armstrong pressed Mr. Pacaud, I have no doubt about that— pressed me to do all I could to get the letters of credit issued.

Q. Were you present on the afternoon of the 28th April at the department?

A. Yes, Sir. I was there, and went down to the bank when one of the letters of credit was paid.

Q. Up to this time had you acquired any more certain knowledge in regard to the nature of this action of Mr. Pacaud?

A. After the 23rd April I had an idea that Mr. Pacaud was getting paid for his trouble. I had a suspicion.

Q. After?

A. After the whole thing was closed, I had a suspicion he was getting some remuneration for his trouble, I did not know what it was.

Q. I understood you to say you had that suspicion in New York?

A. I had it there too.

Q. You had no idea as to the amount he was to get?

A. None whatever.

Q. None whatever?

A. No.

Q. And did not ask?

A. Did not ask, and did not want to ask.

Q. Who was present that afternoon in the department when the letters of credit were issued—in the Treasury Department on the 28th April about five or six o'clock in the afternoon?

A. Mr. Machin; I think Mr. Webb was there and Mr. Armstrong I think, and Mr. Duhamel called in just casually, and I was there and left with Mr. Duhamel. I was away a considerable time and came back. I don't know who I went down to La Banque Nationale with, but we went down there and got this letter of credit cashed, or it was cashed. After the letter of credit was cashed, I received of that money \$71,500 from Mr. Armstrong.

Q. Was Mr. Pacaud at the Department?

A. I don't think so.

Q. You did not see him there at all?

A. I don't remember seeing him.

Q. Did you invoke Mr. Duhamel's assistance?

A. Not at all, Sir.

Q. It has been stated in evidence here that you thanked Mr. Duhamel for his services after the letters of credit were signed?

A. Probably, I don't remember.

Q. Do you recall the incident, and if so, what the nature of the services were?

A. Mr. Duhamel rendered me no service that I am aware of.

Q. And you cannot recall the fact that you thanked him?

A. No, Sir, I don't remember it at all.

Q. You received seventy-one thousand odd dollars?

A. \$71,750.

Q. At that moment had you become aware of the whole benefit Mr. Armstrong was to derive from the transaction?

A. No, Sir.

Q. Or that his whole benefit was to be \$75,000?

A. No, Sir.

Q. You made no enquiry as to the disposal of the \$100,000 ?

A. No, Sir.

Q. Did you take possession of the whole of the proceeds of this letter of credit ?

A. Yes, Sir.

Q. The whole of it ?

A. The whole of it.

Q. Did you subsequently return any of it to Mr. Armstrong ?

A. Yes, Sir.

Q. In cash ?

A. I returned him fourteen thousand dollars or paid out for him in cash \$14,000.

Q. I am asking you if you made any return to him in cash ?

A. I paid him various amounts.

Q. I am not speaking of payments made on his account. For the moment I am limiting my question to whether you paid him any of the proceeds of this \$75,000 letter of credit ?

A. Not then, Sir.

Q. At any time ?

A. Yes, Sir ; I paid him \$14,000.

Q. You so stated at first and then you qualified your answer by saying that you paid it out on his account ?

A. Cash, and on his account too.

Q. What became of the difference ?

A. The whole sixty thousand dollars (\$60,000) went to the shareholders of the company.

Q. For what purpose ?

A. For buying out their interest.

Q. Well, did any part of it go to paying the claims due by the MacFarlane estate ?

A. No, Sir.

Q. None whatever ?

A. Not a cent.

Q. Or for paying any of the debts of your firm ?

A. Not a cent.

Q. I suppose you will qualify that answer if I recall that he owed you \$2,000. Did you pay that ?

A. No, Sir.

Q. You left it still standing ?

A. Yes. Hold on I believe it was paid last week. That is Gervais' amount.

Q. You were paid two thousand odd dollars ?

A. Well, that was paid to Mr. Gervais last week,

Q. What benefit did Mr. Armstrong secure from this transaction ?

A. He secured the \$75,000.

Q. You stated you applied \$60,000 to paying the debts of the old Company ?

A. I simply borrowed it from him.

Q. I said a moment ago you paid it out on his account ?

A. The whole amount—\$14,000 was paid on his account.

Q. Why were the cheques for this \$71,000 divided in the form in which they were—that is, one for \$31,750; another for \$24,000; another for \$16,000; and another for \$1164.64, and another for \$2,200?

A. I think you exceed \$71,500 by your question.

Q. It may be. You spoke of \$71,000, and I quoted you—I referred to \$74,111.64, the proceeds of this discount.

A. The total amount that the Banque Nationale paid in the first instance was \$71,750. They reserved the balance to secure interest or something. I had nothing to do with that arrangement. The reason why they kept it back I don't know, but Mr. Armstrong handed me \$71,750 divided up into \$24,000 and \$16,000 at my request, in order that I might hand the cheques in that shape to the old shareholders. The balance of \$31,750 I deposited to my credit in the Banque Nationale. It was simply a matter of convenience.

Q. How did you pay the \$60,000 to the old shareholders?

A. I gave them a cheque for \$24,000 and one for \$16,000. That is \$40,000, and I have paid them \$20,000 since.

Q. Why does this cheque to the order of James Cooper for \$2,200 differ as it does from the others?

A. That was the balance due to make it up to \$75,000. That is what made it up to \$74,000. I came down to Quebec and asked Mr. Langelier for the balance of that money. I was going down to the Baie des Chaleurs, and I asked him to send it up to Mr. Cooper; and at my request he sent it up to Mr. Cooper.

Q. And it was applied in like manner?

A. Yes.

Q. Then, on the 14th May, Mr. Thom, unless I am mistaken, you addressed a further letter to Mr. Garneau, did you not? It appears by the letter contained in the Public Works record.

A. I cannot say, sir.

Witness is shown letter in Department of Public Works record, and answers: Yes, sir. The letter reads as follows:

QUEBEC, May 14th 1891.

HON. P. GARNEAU,

Commissioner of Public Works and Premier ad interim.

Hon. Sir,

“With reference to my conversation with you to day *re* Baie des Chaleurs Railway and the demand of the Ontario Bank for information regarding the Order-in-Council accepted between your Government and the company, I would say that I fail to see in what respect they are entitled to receive the information in question. The only claim existing against the company is that of the Estate Macfarlane, which is before the courts and pending their decision, I ask in justice that no information be communicated to any person.

I have the honour to be,

Yours truly,

ANGUS M. THOM.”

Q. Up to that time it had not been publicly known that a contract existed between you and the company?

A. I don't know anything about that.

(Exhibit is handed to witness.)

A. Yes, sir, that was addressed by me to Mr. Garneau. It reads as follows :

QUEBEC, June 5th, 1891.

HON. PIERRE GARNEAU,

*Commissioner of Public Works,
and Premier ad interim.*

Sir,

In view of that fact that the first 60 miles of our railway will cost to repair considerably more than was represented, and inasmuch as the cost of building the miles 60 to 80 on account of the number of expensive steel bridges, heavy cuttings and rock work will cost nearly twice as much to construct as the miles 60 to 100 which from surveys actually made proves to be through an absolutely flat country, the company therefore desire that part of the \$7,000 per mile payable on the last 20 miles, that is, 80 to 100, \$3,500.00 per mile be applied and made payable on miles 60 to 80, making the subsidy of \$200,000 payable on the last 40 miles as follows when earned :

Miles 60 to 80, one hundred and ninety thousand dollars (\$190,000) of which amount \$100,000.00 shall be paid on completion of the said twenty miles to the satisfaction of your engineer, and the balance, namely, seventy thousand dollars (\$70,000) shall be paid two months after said completion, miles 80 to 90, thirty five thousand dollars on completion, miles 90 to 100, \$35,000 on completion. A readjustment of the subsidy in the manner above mentioned would be more correctly apportioned to the cost of the work to be performed on the different sections, and would entail no further cost to your Government.

We therefore respectfully ask that your Government consent to the change in payment of the subsidy as above described, and should you desire further security in addition to that now held by you to guarantee that the road shall be completed to Paspebiac, we will deposit with you a further sum of two hundred thousand dollars of the Company's bonds on payment to us of the last seventy thousand dollars (\$70,000) of the one hundred and ninety thousand dollars (\$190,000) which we have asked you to make payable on miles 60 to 80, and bonds to be returned on completion of the railway to Paspebiac.

I have the honour to be

Your humble servant

A. M. THOM,

Secretary Treasurer Baie des Chaleurs Railway Co.

Q. Can you, in a word, give us the additional money benefit which this proposal would have brought the company ?

A. It would just place me in a position that I could.....

Q. But I want it in plain figures ?

A. It would enable me to complete my banking arrangements.

Q. But you do know something about that, or you would not ask that the matter should be kept secret?

A. I wanted the terms of the Order in Council kept secret.

Q. Well, that is the terms of your contract, is it not?

A. Yes, Sir. I did not know that it was a secret though.

Q. You conclude your letter by asking, in justice, that no information be communicated to any person as to this contract? What was your purpose in making that request?

A. Because the Ontario Bank was attacking the company.

Q. That was the only reason?

A. That was the only reason.

Q. In that letter you speak of an interview you had on that day. Was it by appointment?

A. No, I called on Mr. Garneau casually.

Q. Where?

A. In the Department. I think I was up seeing the Director of Railways, and passing by Mr. Garneau's office, I called in.

Q. Have you got the original of Mr. Garneau's letter to you of date the 18th May?

A. No, Sir.

Q. How is that?

A. It must be with the solicitor, Sir.

Q. Look at the copy of the letter referred to, as found in the Public Works record and say if you received it.

Witness takes communication of copy of letter.

A. Yes, Sir. This is a copy of the letter from the Commissioner of Public Works to the Baie des Chaleurs Railway Company.

Copy of this letter is filed as **Exhibit No. 129**.

Q. Can you state when your next communication with the Department took place? At this time you must have had a letter-book, Mr. Thom.

A. I have a letter-book here, but it does not begin as early as that.

Q. You were dealing with pretty big matters, Mr. Thom?

A. Well, unfortunately we did not keep our letters in a letter-book. We keep a typewriter and we make a copy, and the original is sent off and the copy filed away. Mr. Lonergan has possession of these copies.

Q. And Mr. Lonergan is gone to the States?

A. He is away ill. He will not be long, but I will telegraph him.

Q. I put it in that shape not because I wish to throw any imputation on Mr. Lonergan but the responsibility is with you?

A. I was not aware he was going, Judge.

Q. You were aware you were to be called.

A. I would like to explain that these letters were given to Mr. Lonergan long before the appointment of this Commission, and he took ill and did not return to the office. I was under the impression that the letters were in the office until I started to look for them before coming down here.

Q. Do you know anything of a letter of the 5th June addressed to you by Mr. Garneau?

A. Not from memory, no, sir.

Q. Look at **Exhibit No. 21**, a letter addressed by you to Mr. Garneau.

(Exhibit is handed to witness.)

A. Yes, sir, that was addressed by me to Mr. Garneau. It reads as follows :

QUEBEC, June 5th, 1891.

HON. PIERRE GARNEAU,

*Commissioner of Public Works,
and Premier ad interim.*

Sir,

In view of that fact that the first 60 miles of our railway will cost to repair considerably more than was represented, and inasmuch as the cost of building the miles 60 to 80 on account of the number of expensive steel bridges, heavy cuttings and rock work will cost nearly twice as much to construct as the miles 60 to 100 which from surveys actually made proves to be through an absolutely flat country, the company therefore desire that part of the \$7,000 per mile payable on the last 20 miles, that is, 80 to 100, \$3,500.00 per mile be applied and made payable on miles 60 to 80, making the subsidy of \$200,000 payable on the last 40 miles as follows when earned :

Miles 60 to 80, one hundred and ninety thousand dollars (\$190,000) of which amount \$20,000.00 shall be paid on completion of the said twenty miles to the satisfaction of your Engineer, and the balance, namely, seventy thousand dollars (\$70,000) shall be paid two months after said completion, miles 80 to 90, thirty five thousand dollars on completion, miles 90 to 100, \$35,000 on completion. A readjustment of the subsidy in the manner above mentioned would be more correctly apportioned to the cost of the work to be performed on the different sections, and would entail no further cost to your Government.

We therefore respectfully ask that your Government consent to the change in payment of the subsidy as above described, and should you desire further security in addition to that now held by you to guarantee that the road shall be completed to Paspebiac, we will deposit with you a further sum of two hundred thousand dollars of the Company's bonds on payment to us of the last seventy thousand dollars (\$70,000) of the one hundred and ninety thousand dollars (\$190,000) which we have asked you to make payable on miles 60 to 80, said bonds to be returned on completion of the railway to Paspebiac.

I have the honour to be

Your humble servant

A. M. THOM,

Secretary Treasurer Baie des Chaleurs Railway Co.

Q. Can you, in a word, give us the additional money benefit which this proposal would have brought the company ?

A. It would just place me in a position that I could.....

Q. But I want it in plain figures ?

A. It would enable me to complete my banking arrangements.

Q. I know that. That was the purpose of it; but what was the real additional amount which you were asking from the Government?

A. The transfer of \$70,000 from one section to the other. That is all, sir. I didn't ask it in cash; I only asked to have it transferred from one section to the other.

Q. Was that proposal accepted or refused?

A. It was accepted,

Q. Accepted, as I understand it, by letter of 10th June of which **Exhibit 22** is a copy?

A. Yes, Sir, I think that is a copy.

Q. Have you the original with you?

A. No, Sir, Mr. Lonergan has it.

Q. What might excite attention with these letters, Mr. Thom, is this that after different negotiations and a full understanding on your part of the position of the company and on the part of the Government of what was required, the contract had been concluded on the 23rd April, and we find you now on the 5th June applying for and securing serious disturbances of these terms? Have you any explanation to give?

A. Nothing further than I wanted it for my own benefit. I wanted it and asked for it.

Q. Well, did anything occur in the interval in the way of negotiations, and conversations with the Government?

A. Not a word, sir.

Q. You asked for it and got it?

A. I asked for it and got it.

Q. Does this comprise all that you subsequently asked by way of addition from the Government?

A. That is the only request I have made, Sir.

Q. Was there any request made by you, or does this include it, for the conversion into cash of the deferred subsidy of 35cts. an acre for the 800,000 acres of land?

A. No, Sir, it does not refer to it in any way. The letter, **Exhibit No. 22**, of date the 16th June reads as follows:

Quebec, 16th June, 1891.

A. M. THOM Esq.

Secretary Treasurer Baie des Chaleurs Railway Co.

Quebec.

Dear Sir,

I have to acknowledge receipt of your letter of the 5th June instant, in which you state that greater facilities for building the railway will be absolutely required from Government on account of universal difficulties and expenses, and you express the desire that Government should agree to carry out the following mode of apportioning the subsidy, viz, that of the seven thousand dollars (\$7000) per mile payable on the last twenty miles (80 to 100) three thousand five hundred dollars (\$3500) shall be made additionally payable on each mile from miles 60 to 80, thus advancing to the railway \$3500.00 on the last twenty miles (80 to 100).

before they shall have been commenced, and this in order to give you additional assistance to build miles 60 to 80, and I understand you to request that on the completion of miles 0 to 80 there shall be paid to your Company one hundred and twenty thousand dollars (\$120,000), and two months after the said completion the further sum of seventy thousand dollars (\$70,000.00). As regards the last twenty miles you desire that thirty five thousand dollars be paid on completion of mile 90, and the balance of \$35,000 when the one hundred miles shall have been completed, the Government agrees to the foregoing requests, but on the express conditions :—

1st. That no portion of the said railway shall be held to have been completed until a favorable report shall have been made thereon by an engineer on behalf of the Government as to the condition of the road, the equipment and the bridges.

2nd. That as a guarantee that the road will be completed to Paspebiac, there shall be deposited with the Treasurer of the Province previously to the payment of the last \$70,000 on the completion of mile 80, two hundred thousand dollars at par value of the Company's bonds, equal in value to those already deposited with the Government. The foregoing conditions of your letter of 5th June instant having been submitted to my colleagues of the Executive Council, they entirely approve of the same and authorize me to write you as above, agreeing to your proposals.

I have the honour to be,

Sir,

Your humble servant,

P. GARNEAU,

Commissioner of Public Works and Acting Premier.

Q. This is the answer which you received to your proposition of the 5th June ?

A. Yes, Sir.

Q. I suppose up to this time no opportunity has occurred to give effect to your proposal ?

A. No, Sir.

Q. Have you received anything in execution of this proposal by the Government ?

A. No, Sir.

Q. When will it go into effect, do you expect ?

A. I don't think it will ever go into effect, I think we will build the road before we ever ask the Government for a cent.

The Commission then adjourned till 10 o'clock in the forenoon of Friday the 30th instant.

J. BÉLANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC,
District of Quebec. }

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Hon^{ble} LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Com

15th SITTING

On Friday the 30th October, in the year of Our Lord one thousand eight hundred ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President.

" " LOUIS FRANÇOIS GEORGES BABY,
" " CHARLES PEERS DAVIDSON,

Commissioners

Mr. Hall :—

Before the Commission proceeds to the hearing of evidence I beg to say that I put in writing an application, which I think covers all the applications for cable telegrams and statements of the banks required.

First, we desire that an order be served on the Great North Western Telegraph Company and also that an order be issued on the Canadian Pacific Telegraph Company for cables and telegrams exchanged between the Hon. Mr. Mercier, and the Hon. Mr. G. Hon. Mr. Langelier, Ernest Pacaud and J. A. Mercier during the months of April, May and June of this year, and then on the same companies for the telegrams exchanged between Mr. A. M. Thom, Ernest Pacaud and Charles N. Armstrong during the months of April and May.

I think Mr. Webb, of the Union Bank of Canada, was asked for a list of the notes by the bank from the 28th February to the 15th July, bearing the signatures of Mr. Mr. Pacaud and Mr. Langelier. This list we desire to have produced.

We also desire to verify deposits made in the bank; more particularly those referred to the cheques of \$5,000 and \$3,500. We also want the deposit slips of Mr. Pacaud from the 10th March to the 2nd July.

Hon. Mr. Justice Jetté :—

Do you specify those you want?

Mr. Hall :—

No, Your Honour, but from the account I think there are very few. We do not ask for the discount slips, but for the deposit slips of the Bank to verify them.

We also wish an order issued on Mr. Dumoulin for the deposit slips in the Banque du Peuple from the 2nd March to the 29th September. There are only some eight or nine of them.

Then an order on Mr. More, of the Merchant's Bank of Canada, for the production of Mr. Pacaud's account.

Mr. Bétique :—

I would suggest that my learned friend complete his document by indicating the deposit slips that he wants, and leave it till 2 o'clock that I may see it.

Mr. Hall :—

There are so very few of them.

Mr. Bétique :—

Just so, and it is so easy to indicate them then.

Hon. Mr. Justice Jetté :—

We may point them out in the order.

—

THE HONOURABLE MR. MERCIER again appeared and continued his deposition follows :—

I made a few small mistakes in my evidence of yesterday which I would like to correct once; it will be a matter of a few minutes only.

I declared in my evidence that I had not seen Mr. Robidoux since we went to his house on the St. Foye Road. I have been reminded that there has been a Council of Ministers since that time, it will be a fortnight to-morrow, and that Mr. Robidoux came to my house a few minutes before the sittings of the Council and that we sat together. It was forgetfulness on my part.

I believe that I also stated in one part of my evidence that Mr. Laurier was present at my house when the promissory notes were signed and later on I named the persons who were there and did not name Mr. Laurier. Mr. Laurier was not present, I desire particularly to state that, he left on the day after or two days after the fifth; I see by the newspapers that he was at St. Hyacinthe on the seventh; he did not return to Quebec until the tenth.

Hon Mr. Justice Jetté :—

Our impression is that that is what you said yesterday.

Hon. Mr. Mercier :—

I wish to have no misunderstanding on the point.

Now as to my cheque for three thousand five hundred dollars (\$3,500.) I state I must have had funds in the Caisse d'Economie when I made that cheque because it had been accepted. I had offered to show my pass-book to the Commissioners, I had not shown it up; it is not added in the book. but I had not a sufficient sum to meet that cheque of three thousand five hundred dollars (\$3,500.) on the fifth, the day it was accepted, but it was understood with the bank that my cheques should be accepted even if the account was overdrawn beyond two thousand dollars (\$2,000); it was accepted and a day afterwards as may be seen by my pass-book I made a sufficient deposit before leaving Europe.

L. C. MARCOUX Secretary-treasurer of la Caisse d'Economie Notre Dame de la Paix again appeared and continued his deposition as follows :—

By Mr. Casgrain :—

Q. On the fourth of March, eighteen hundred and ninety-one, when Mr. Mercier's cheque for three thousand five hundred dollars was presented to the bank, were there sufficient funds to Mr. Mercier's credit to meet that cheque?

A. The cheque was only presented and paid on the fifth of March; there were not sufficient funds; I ascertained that on reference to the account; that is why I put my initials on it to authorize the overdrawal, and that overdrawal was refunded some days afterwards.

Q. Will you state what was the amount of this overdrawal?

Mr. Bêique :—

I beg my learned friend's pardon, but I do not think that he has a right to go into details; I do not see what interest there is.

Mr. Casgrain :—

I am obliged to say that I intend trying to go further, I will now return to the question of contingencies. My instructions are that these moneys were contingencies of Mr. Mercier's department; I will try to prove that.

Mr. Bêique :—

That is another question, we have no objection to that.

Hon. Mr. Justice Jetté :—

We are at present of opinion Mr. Casgrain, that you do not seem to have shown that you have sufficient interest to know the amount of the deposit of the overdrawal which might have taken place in Mr. Mercier's account at the Caisse d'Economie. The question of the overdrawal, however is altogether pertinent, and if you show that that deficit or overdrawal whatever it be was afterwards covered by public funds, then there is no doubt that you can make that proof: your question may come later.

Mr. Casgrain :—

Q. Now, Mr. Marcoux, when was the deposit after the fifth of March made?

A. The deposit was made on the eleventh of March.

Q. By whom?

A. The deposit slip is signed " Honoré Mercier per A. L." I believe.

Q. By " A. L." ?

A. I believe that it is " A. L. "

Q. Have you the deposit slip here ?

A. I did not bring the deposit slip ; I merely referred to it before leaving in case, I would have to give this information.

Q. Was the deposit made on the eleventh of March sufficient to cover the cheque of the fifth ?

A. It was more than sufficient, there remained a balance.

Q. Do you know the writing on the deposit slip in question ?

A. No, Sir ; I do not know it at all, the writing of the person who signed the deposit slip ?

Q. Yes ?

A. I do not know it. The deposit slip, as I have just stated is signed " Honoré Mercier per A. L." It seems to be an L.

Q. Were deposits afterwards made in Mr. Mercier's name ?

A. Oh yes, cheques for his salary, Mr. Mercier's salary was deposited every month as usual.

Q. Besides the cheques for salary ?

Mr. Bétique :—

I do not see what reason the learned counsel can have for entering into the details of the Honourable Mr. Mercier's account.

Mr. Casgrain :—

My reason is very simple, I have already stated it. If I prove that this money was not money belonging to Mr. Mercier, but public money or money which was deposited there by Mr. Pacaud and that it was out of that that the five thousand dollars (\$5000) were taken to send to Mr. Mercier.

Mr. Bétique :—

There is a very direct way of proving that ; there is a person who controls the contingencies, that was shewn by the evidence adduced yesterday ; let that person be summoned and you will be allowed to trace the disposal made of the contingencies.

Mr. Casgrain :—

I am not obliged to follow the way indicated by my learned friend in making my proof ; if I took the measures he suggests I do not believe I would succeed very well ; I believe I should take those I find at hand and which I think are better. I will ask the production of the deposit slip of which Mr. Marcoux has spoken.

Hon. Mr. Justice Davidson :—

That would be proper.

By Hon. Mr. Justice Jetté :—

Q. Can you state, Mr. Marcoux, by whom that deposit was made in your bank ? As I have said the initials seem to me to be " A. L." ?

A. I am under the impression that it was Mr. Larue, who came pretty often to the office to get Mr. Mercier's pass-book balanced.

By Hon. Mr. Mercier :—

Q. One of my secretaries.

A. One of your secretaries, I believe ; but there is no signature, only “ A. L.”

By Hon. Mr. Justice Jetté :—

Q. Who was the employee of the Caisse d'Economie who received the deposit ?

A. It was the teller, Mr. Côté.

Q. Do you think he could tell who made the deposit ?

A. I do not know if he would remember, he receives so many deposits ; but as to the writing of the deposit slip.....

Mr. Béique :—

We can say who was the person who made the deposit, it was either M or Mr. Lacroix, who are both secretaries of Mr. Mercier.

Hon. Mr. Justice Baby :—

Mr. Béique, have you any objection to the production of that deposit slip ?

Mr. Béique :—

It is more for the principle than for anything else. We intend to ask for the examination of the person who made the deposit and I have no objection to the placing of the deposit before the Commission ; but there have been so many attempts which appear to be indiscreet on the part of these gentlemen that it seems to be our duty to make the examination which I do.

Mr. Casgrain : -

We are here for the purpose of being indiscreet.

Mr. Béique :—

We are very determined to make the proof necessary to rebut anything that may come from the insinuations which have been made respecting this attempt to make the deposit but only we wish as much as possible to keep the proof.....

Hon. Mr. Justice Jetté :—

We believe that the question should be suspended in the meantime.

Mr. Casgrain :—

Very well, Your Honour.

By Mr. Amyot :—

Q. This deposit, after the cheque for three thousand five hundred dollars (\$3,500) made in a regular way ?

A. Doubtless.

Q. You noticed nothing about this deposit to lead you to suspect something irregular?

A. We did not suspect anything. A person comes to the counter with a deposit which he makes regularly, which he gets entered in the pass-book for whom the deposit is made.

Q. That deposit was regularly made like the others?

A. The Honourable Mr. Mercier had occasionally previously over drawn his account ; it was an understanding with the Caisse d'Economie. Sometimes Mr. Mercier gave cheques without getting his book balanced and he asked us to be good enough to pay them and that the amount would be reimbursed at once ; in fact he made the deposits at once.

And further the deponent saith not.

ANGUS M. THOM, secretary-treasurer of the Baie des Chaleurs company, again appeared and continued his deposition as follows :—

By Hon. Mr Justice Davidson :—

Q. What was the purpose, or what definite or immediate object had you in paying Mr. Armstrong \$175,000 ?

A. It was the best bargain I could make with him.

Q. The best bargain you could make with him ?

A. Yes, Sir.

Q. Well, was his claim standing in a different position from the claims of any other contractors ?

A. Certainly.

Q. Why ?

A. It was essential that I should have his title before I could commence operations or do anything on the line.

Q. What titles ?

A. The titles which Armstrong held.

Q. What were they ?

A. His contract and his lien on the road.

Q. His contract was public property, was it not, so far as obtaining a copy of it was concerned ?

A. Oh, yes, but I wanted the cancellation of the contract.

Q. You mean his rights ?

A. His rights, yes.

Q. What possession had he of the road ?

A. I think he had full possession, subject to a claim which Mr. MacFarlane may have had on the line.

Q. Were there any other contractors at that time having claims on the road save Armstrong and Macfarlane ?

A. I think there were some small amounts due to sub-contractors—small amounts—to any large extent.

Q. Practically, the only two claimants, as contractors, of any importance were MacFarlane and Armstrong?

A. Yes.

Q. Now, you say that Mr. Armstrong was in possession of the road?

A. Yes, Sir.

Q. By that expression what extent of road do you mean?

A. Armstrong was in possession of the forty miles that he was yet to build, that is under his contract he had that right.

Q. What forty miles?

A. That we are building now.

Q. Let us know what forty miles. You say "we are building now."

A. Well, from 60 to 100. The other 60 miles the title was disputed; Armstrong was claiming possession and MacFarlane was claiming possession. That case was in court and it was decided in favor of the company; so that Armstrong's title was the proper title for the road.

Q. So that you considered Mr. Armstrong, as the principal contractor under the company, in possession of the road from the 60th to 100th mile, and he had possession over MacFarlane of the first sixty miles?

A. Yes, sir.

Q. Do you know the date of Mr. Armstrong's contract with the company?

A. No, Sir.

Q. Had you read it at that time?

A. Yes, I read it once.

Q. Do you think you would be able to point out now any clause in that contract which in April, 1891, gave Mr. Armstrong any rights in the possession of that road?

A. I think that is the tenor of the whole contract.

Q. Have you a copy of this contract?

A. No, Sir.

Q. Nor in the possession of your company?

A. They were in the possession of the company.

Q. Where is it now?

A. I think Mr. Riopel has got it.

Q. Would you be surprised to learn that in this contract appears the following expression: "The said company shall be placed in, and shall take possession of said road on the said 1st day of July 1888"; and again, "In the event of the whole of said road not being completed on the said 1st July, 1888, the company shall have the right to take possession of said road and all its appurtenances with tools &c."

A. Am I surprised to know that that is there?

Q. Yes.

A. No, Sir, I know it was there.

Q. Did that not give the company the right of possession from the first July 1888?

A. Not without a lawsuit, Sir.

Q. Did you consider a lawsuit sufficient cause for making this settlement with Armstrong?

A. No, Sir; I was anxious to go on with the work. It was imperative that I should have immediate possession of the road.

Q. Had you at the time examined the sub-contract between MacFarlane and Armstrong?

A. I looked over it—not very carefully.

Q. Did you take into consideration the position of MacFarlane and the possibility of litigation with him?

A. Yes, Sir, that was in court at the time.

Q. Were you aware that in his contract the following clause appears: "The railway now partially completed with all rolling stock thereon, as well as that portion from said 40th to 60th miles to be built with all appurtenances belonging thereto shall remain in the possession under the contract of the said sub-contractor MacFarlane as additional security of the final payment of all sums of money to which he may be entitled under this agreement?"

A. I was aware of that.

Q. Did you make any enquiry as to the extent of any claim MacFarlane might have under this contract?

A. Yes, Sir.

Q. What was it?

A. They claimed \$180,000 and the company claimed they did not owe them anything.

Q. They still claim it?

A. They still claim it.

Q. Did you endeavor to make any settlement with MacFarlane?

A. No, Sir.

Q. I understood you to say you did with the Ontario Bank?

A. I approached the Ontario Bank, but nothing through MacFarlane.

Q. MacFarlane's claim was in the hands of the Ontario Bank?

A. I was simply trying to purchase the Ontario Bank's claim; and that would give me control of the MacFarlane Estate.

Q. So you did it to make a settlement with MacFarlane?

A. In that way.

Q. Well, having paid Mr. Armstrong this amount of money, did he deliver you possession?

A. Yes, sir, he gave me all the possession he could give me.

Q. But did you obtain possession?

A. We obtained it about a month after.

Q. Was Mr. Armstrong's consent found sufficient to give you possession of the road?

A. No, Sir.

Q. What difficulty intervened?

A. MacFarlane's claim on the road, claiming the right to retain the road until he was paid his claim.

Q. Did you find that opposition effective for a time?

A. For a time, yes.

Q. When did you obtain possession of the road?

A. June 13th I think the date was.

Q. You communicated this fact in a letter to the Department, did you not?

A. Yes, Sir.

Q. Of what date?

A. I have got the letter, the 29th June, I think. Yes, Sir, the 29th June. The original appears in the Public Works record. I file a copy as **Exhibit No. 130**.

Q. Read it please.

Quebec, 29th June, 1891.

HON. P. GARNEAU,

Commissioner of Public Works and Premier ad interim.

Sir,

I am just in receipt of the enclosed telegram from the company's lawyer, Mr. Loughe. You will doubtless be pleased to hear that the courts have given us full possession of the railway and rolling stock for the purpose of enabling us to go and complete the road without further delay. Now that this very essential point is gained, we will at once start the contractor and complete our portion of the agreement without a moment's necessary delay.

I regret having to mention the fact that notwithstanding your assurance to the effect that the Government had placed sufficient funds at Mr. Langelier's disposal to pay the debt of the old company, he has been compelled for want of money to return to Quebec, thus causing a great deal of disappointment to the unpaid laborers and privileged claimants, as I assure you that the delay will cause the company a great deal of trouble that could have been avoided had payments been made promptly. I therefore trust that you will instruct the Treasury Department to place sufficient funds at Mr. Langelier's credit at once.

I have the honour to remain,

Your obedient servant,

A. M. THOM,

Sec'y Treasurer Baie des Chaleurs Railw

The judgment contained in the Public Works record, of which a copy is now filed the judgment referred to. Copy is filed as **Exhibit No. 131**.

Q. There is a further letter of yours to Mr. Garneau, of date October 6th, which appears in the Public Works record.

A. Yes, Sir.

(Copy of said letter is filed as **Exhibit No. 132**). It reads as follows:—

MONTREAL, October 6th, 1891.

HON. P. GARNEAU,

Commissioner of Public Works,

Quebec, P. Q.

Dear Sir,

I have been requested by the directors of this company to ask you to kindly forward me at your first convenience a statement in detail showing the different amounts paid

. C. Langelier, Esq., as commissioner, in accordance with Order-in-Council No. 237. I understand that he has on hand some \$70,000 and that all the debts of the old company mentioned in the Order-in-Council are paid excepting about \$4000. I would therefore ask that you retain sufficient to pay the above claims and hand the balance to our company as provided for in the Order-in-Council.

By reference to the charter of the company recently granted by the Federal Government (copy of which I herewith enclose you) you will perceive by clause "A" that the estate MacFarlane is given a first preferential right, having priority over all mortgages, charges, &c., for such claims as may be established by final judgment, agreement or arbitration in their favor, thus giving the said estate absolute protection for any and every claim that may be established; which being the case it would be manifestly unfair to deprive us any longer of the unpaid balance in the hands of the Government after providing for the claims above referred to, as apart from any claim that the estate may establish, the company are free from any liability.

I have the honour to be,

Your obedient servant,

A. M. THOM,

Secretary-Treasurer.

P. S.—Since writing the above, I have ascertained that our charter has not yet been printed with the amendments authorized by the Senate. I therefore send you the charter as passed by the House of Commons and the amendments by the Senate passed subsequently by the House of Commons.

Q. Did Mr. Garneau answer that letter, and if so, when?

A. Yes, Sir, on October 8th.

The letter reads as follows:

L. E. 1571,

L. R. No. 865

" " " 653

DEPARTMENT OF PUBLIC WORKS,

QUEBEC, 8th October, 1891.

A. M. THOM, Esq.,

Secretary-Treasurer.

Of the Baie des Chaleurs Railway C'y.,

MONTREAL.

SIR,

I have to acknowledge receipt of your letter of the 6th inst., enclosing a copy of the bill passed by the Parliament of Canada during its last session at Ottawa respecting your railway company, together with a copy of the minutes of the proceedings of the Senate of Canada, dated the 11th September last, and containing the amendments authorized by the Senate and subsequently adopted by the House of Commons.

In answer, I beg to state that as soon as Mr. J. C. Langelier, the special commissioner in claims on your railway shall have submitted his detailed statement of all the payments he has made to date out of the funds that have been put at his disposal by the Treasurer of the Department here on account of the converted land subsidy of \$280,000 mentioned in the Order-in-Council No. 237 of the 23rd April last, together with the corresponding vouchers, I will cause a certified copy of said statement to be immediately sent to your address, as demanded in your last letter.

I see that you are under the impression "that Mr. Langelier has on hand some \$70,000 out of that same subsidy, and that all the debts of the old company mentioned in the Order-in-Council are paid excepting \$4,000." Allow me to remark that Mr. Langelier has received on the whole from the Treasurer only \$41,500, which he stated lately to have exhausted (less a balance of about \$4,000) in the payment of privileged approved claims outside of the \$175,000 paid to Mr. C. N. Armstrong on the 28th April last.

As to your request to remit to your company the balance unpaid in the hands of the Government on the above total subsidy,—after providing for the unsettled claims, I beg to inform you, that your demand will receive the consideration of the Government, and I will let you know what will be its decision on the subject matter.

I have the honour to be,

Sir,

Your obedient servant,

P. GARNEAU,

Commissioner.

Q. Did any later decision of the Government reach you with respect to this matter?

A. No, Sir.

Q. Had you any further correspondence with the department.

A. That is the last letter, I believe, Sir.

Q. Are these the only letters and telegrams which were interchanged between you and the Government?

A. Yes, Sir I believe those I read yesterday and these I have read to-day are all that took place, Sir.

Q. You obtained permission to remove from the Senate record a number of cheques I think your subpoena called for their production here. Have you got them?

A. My subpoena does not, but I brought them.

(Cheques are filed as **Exhibits 134a to 134t** inclusive).

Q. I suppose, Mr. Thom, you also noticed that in the MacFarlane contract there was an absolute transfer to him by Armstrong of all rights in the subsidies coming from the Dominion and Provincial Governments as regarded that part of the line which he had contracted to build?

A. There was a transfer of certain subsidies.

Q. How did you propose to deal with this difficulty with respect to obtaining possession of the subsidies so absolutely assigned to MacFarlane?

A. By paying MacFarlane any claim he may establish.

Q. But in the meanwhile

A. There was no subsidy under his control excepting \$31,000 that would remain there if there was any dispute.

Q. That is what I would like you to explain. In his contract all subsidies then due, at its date, were to go to him.

R. Probably. There was only \$31,000 remained due at that time that could possibly have been included.

Q. I don't think you have referred to a letter by you to Mr. J. C. Langelier, without date, refusing to approve of Mr. Armstrong's claim for \$175,000. Have you got a copy of it?

A. No, Sir. That letter was written in Quebec. Mr. Langelier has it I suppose.

Q. You have no means of knowing its date.

A. It was between the 17th and 20th. It was after the 17th.

Q. That original, I suppose, is in the possession of Mr. J. C. Langelier?

A. Yes, Sir.

Q. When did you first become aware, Mr. Thom, that any sum of money was to be paid to Mr. Pacaud?

A. When did I first become aware of it?

Q. Yes.

A. Well, I cannot say when I first heard reports about it. It is impossible for me to say. I heard reports at all times, Immediately after this closed I heard rumors.

Q. About what date? Specify a date.

A. Oh, it was shortly after the closing of the contract, after paying the money.

Q. Not before?

A. Not before; still I would not like to swear positively.

Q. What was told you?

A. Just rumors. I could n't say anything positive. It was rumored that there was a payment to Pacaud.

Q. Was any statement made to you, apart from the question of any payment to Mr. Pacaud, by Mr. Armstrong or any person else in the progress of these negotiations that Mr. Pacaud was taking part in these negotiations?

A. No, Sir.

Q. I put the question, because I notice that in the Senate investigation, as it appears at page 185, you gave the following evidence:

"Q. Did you not know that Mr. Armstrong was negotiating with the Government until he came to you?

"A. I had no previous knowledge. That was before the New York meeting.

Again, a little later on.

"Q. Did you know that Pacaud was negotiating between Armstrong and the Quebec Government?

"A. Mr. Armstrong told me that Mr. Pacaud was negotiating between him and the Government."

There is an apparent discrepancy—perhaps only apparent between your evidence given there and your evidence to-day. Can you explain it?

A. I cannot understand where the discrepancy comes in. I don't see it, Sir. If you will be kind enough to explain to me, probably I will see it.

Q. I think if you will read your answer here, you will see that there is a contrast between your evidence given before the Senate Committee and your evidence to-day.

(The questions and answers relating to this point are read over to the witness, who says :) Yes, Sir, and I would like to correct that, and just repeat, what I gave to the Senate, that I was aware that Armstrong and Pacaud were delaying. I was aware of that all through.

A. And do I understand you to say that you were not aware that there were any money relations between them?

A. Positively, not aware, Sir.

Q. At any time?

A. Not until long after the contract was closed. I had no knowledge of any money transaction between them.

Q. I put the question to you, Mr. Thom, because I notice that at page 180 of the investigation you gave the following evidence :

“ Q. After the negotiations were completed— after you had completed your
“ ment with the Government you saw Mr. Pacaud in connection with some money
“ given to him or that he had received or something of that kind ?

“ A. It was indirectly.

“ Q. What was it ?

“ A. Previous to the closing of this contract Mr. Armstrong came to me and asked
“ to accept an order in favor of some bank in Quebec. I don't remember the name.
“ either for \$4600 or \$3600. I objected to that for the reason that I had not decided
“ into the contract. I asked him what it was for, and he told me it was for a debt
“ Mr. Pacaud in this bank. He had negotiated a subsidy through Mr. Pacaud for fifty
“ or fifty thousand dollars. I thought I had better not accept it as a matter of business
“ refused to accept it ; but the day after the bank manager sent to me and asked
“ accept it.

“ Q. A bank in Quebec ?

“ A. Yes.

“ Q. What bank ?

“ A. I cannot say, I declined to accept it.

“ A. A few days after that Mr. Pacaud came to me and asked me if I would not
“ this for Mr. Armstrong, that I was likely to go on with the contract, the matter was
“ he heard, and I said I would not accept any order. ”

I would like to give you an opportunity to explain the discrepancy between
evidence to-day and the evidence given before the Senate committee.

A. I thought you were referring to a money payment by Mr. Armstrong to Mr. []
I was certainly aware of this transaction at least—what took place there.

Q. Please state what took place ?

A. I was approached both by Mr. Armstrong and Mr. Pacaud for to....

Q. At what time ?

A. About the time of the closing of the contract.

Q. Before or after ?

A. I couldn't say ; in fact, I was approached three or four times to accept an order
\$3,600, which, I understood, was the interest on a loan which Mr. Pacaud had obtained
through some bank on account of a subsidy for the benefit of Mr. Armstrong. I was
the impression that Mr. Pacaud was, of course, responsible for the interest inasmuch as
came and asked me to accept the order ; and Mr. Armstrong also asked me to accept
the bank manager came also and asked me ; but I did not accept the order. I was
the impression that if Mr. Pacaud had to pay the interest he would likely have to pay the
principal. That is all there was to that, sir.

Q. Nothing further ?

A. No.

Q. Have you yet settled with the MacFarlane estate ?

A. No, sir.

Q. Mr. Thom, since you have obtained possession of this road what has been the
progress on the road ?

A. Oh, the work is getting on remarkably well. I saw the contractor yesterday,

ys he is pushing the work very vigorously. Our engineer is here, and will give you full particulars better than I can. I have not been down on the road. It is only from hearsay, hat I say.

Q. Was there any work in progress when you took possession ?

A. No. The work was at a stand-still when we took possession and had been for nearly two years, I think.

Q. What are your expectations as to its completion ?

A. I think we will build it within our contract.

Q. You might mention the date ?

A. Our contract stipulates for completion by December of 1892. We contemplate now having that road in operation—the first 80 miles we expect to have in operation early next spring; the full 100 miles we expect to be operating by August or September. That will complete our road.

Q. And what as to the balance of eighty miles ?

A. I have made no arrangements concerning that portion of it.

Q. It is your purpose to deal with that too ?

A. Later on, yes.

Q. And you have no doubt of the financial ability of your company to handle the work ?

A. Not the slightest.

By Mr. Hall: —

Q. Have you or your company got a copy of Mr. Armstrong's contract in your possession yet ?

A. There is one in Quebec which I can borrow for you.

Q. I want to know if your company has a copy ?

A. I would not like to say positively.

Q. Have you got a copy of the contract between Armstrong and MacFarlane ?

A. We may have both, but they would be in the Court house.

Q. I understand you came down to Quebec, first of all, in March 1891 ?

A. Probably. I don't remember the date.

Q. You don't remember having been down here in March 1891 ?

A Well, I can say it was March, if you say so.

Q. I am not asking you to say it because I say, because you are giving evidence now ?

A. I don't remember any date.

Q. Now, when you came down in April 1891, I understood you to say, you went to see Hon. Mr. Garneau and Hon. Mr. Ross ?

A. Yes, Sir.

Q. You had discussions with them about the position the Government would take with reference to the road ?

A. Yes, Sir.

Q. Now, do you recollect what it was they told you in particular ?

A. In the March meeting ?

Q. The April meeting ?

A. The conversation was simply as to the prospects of the road—its probable earning

powers, the possibility of extending it southward connecting with the American system railways, and a general outline that way.

Q. Did they tell you what sort of a proposal you would have to make ?

A. No, sir.

Q. Did they tell you what you had to do with reference to the debts on the road ?

A. Yes, sir.

Q. What did they say about that ?

A. Probably not at that meeting.

Q. At what meeting did they discuss with you, then, about paying the debts of the road ?

A. Some subsequent meeting.

Q. What did they tell you about the debts ?

A. That all the privileged debts would have to be paid.

Q. Did they tell you what these were ?

A. I found that out for myself.

Q. Where ?

A. In the records in Mr. J. C. Langelier's office.

Q. Did they ever have a discussion with you or tell you about Mr. Armstrong having a claim on the road ?

A. No, I think it was taken for granted on both sides.

Q. I am asking you if they discussed or told you about Mr. Armstrong having a claim on the road ?

A. I don't think so.

Q. Did you find out in the Public Works Department that there was a claim of Mr. Armstrong's on the road ?

A. I knew that Mr. Armstrong had a claim.

Q. I am asking you if you found out in the Public Works Department that Mr. Armstrong had a claim on the road ?

A. I don't think so.

Q. Did you find out from the Public Works Department what claims there were ?

A. There was a list there that I looked over.

Q. What did these debts amount to ?

A. I think about forty-three thousand dollars.

Q. Was the name of C. N. Armstrong on that list ?

A. No.

Q. Now, Mr. Thom when did you first see this claim of Mr. Armstrong's which was settled for \$175,000 ?

A. Between the 17th April and 1st May.

Q. Where did you see it first ?

A. In the secretary's office, Mr. Robitaille.

Q. When did you first see this claim up in the Department of Public Works, if you ever saw it there ?

A. When it was presented to me by Mr. J. C. Langelier about the time I approved of it.

Q. Do you recollect when it was presented to you by Mr. J. C. Langelier ?

A. It was handed to me.

Q. When ?

A. He handed it to me.

Q. Mr. Thom, did Mr. J. C. Langelier hand it to you or send it to you under cover with a letter ?

A. No, I think the account was open. I looked over it in his office.

Q. Mr. Thom, we are talking about a very important matter, settling a claim for \$5,000, and you ought to be able to tell us whether you received that claim under cover with a letter from Mr. Langelier or openly.

A. I think it was openly.

Q. Are you sure of that ?

A. I would not swear any different from that.

Q. Do you recollect ever writing a letter in regard to this to Mr. J. C. Langelier, which reads as follows :

QUEBEC, 24th of April, 1891.

J. C. LANGEЛИER, Esq.,

Quebec.

Dear Sir,

In answer to yours of 23rd inst. transmitting for my approval the account of C. N. Armstrong, Esq., agent of the Baie des Chaleurs Railway Company, to the amount of \$288,943.62, I beg to state that I refuse to approve and certify that account for more than one hundred and seventy five thousand dollars, (\$175,000), and this on the express condition that Mr. Armstrong shall cancel and annul his contract with the company, and shall give full and absolute discharge of any claims whatever against the road or anything appertaining to it, directly or indirectly.

Yours very truly,

A. M. THOM."

Q. Did you sign that ?

A. Yes Sir, I signed that letter.

Q. Do you recollect where you signed that letter ?

A. I signed it in Mr. Langelier's office.

D. Do you know where it is ?

A. He has it. It is written in type-writing I think.

Q. Who prepared the letter ?

A. The letter was altered two or three times. I think I drafted out the original draft of the letter, and then it was altered several times.

Q. Dont let us have any thinking about it. We are getting on very important ground ?

A. I know it is important too.

Q. If you wrote a receipt for \$175,000, you ought to be able to tell us who wrote it ?

A. Well, I composed the letter I think. Mr. J. C. Langelier was present at the time, and then he wrote the letter after it was altered and I think he sent it in to his type-writer and I signed it.

Q. Who else was present when this letter was composed ?

A. Not any one else.

Q. Do you recollect what date it was ?

A. I cannot say positively. It was somewhere about the 24th of April.

Q. Would that date be correct?

A. I cannot say.

Q. You cannot tell us whether when you signed a receipt on the 24th of April the 24th of April or some other day? Do you say that?

A. No Sir, I wouldn't like to swear that that was the date of the letter. There is no reason for having it different from the date there.

Q. You refer there to having received a letter from Mr. J. C. Langelier of 23rd c 1891?

A. Yes, Sir.

Q. Have you that letter?

A. I may have in Montreal.

Q. Can you tell us from memory whether you have or not?

A. I haven't got it here, but more than likely it is there.

Q. If you settled a claim and paid out monies for another company for \$175,000 you recollect whether you had the vouchers for that claim?

A. I think so.

Q. Don't you remember whether you had or not?

A. This letter ain't a voucher.

Q. Not in connection with the settlement of the claim?

A. Not at all.

Q. Well, where is the letter?

A. The letter is in Montreal.

Q. Who showed you the claim of Armstrong first of all in the Public Works Department?

A. I think Mr. Langelier.

Q. Was that the day you were up there and wrote this letter,—the 24th of April?

A. It is more than possible.

Q. Mr. Langelier sent for you to come up there?

A. No Sir, I was in there most every day.

Q. What business would you have in there on the 24th April 1891?

A. Looking over the accounts of the road. The data was all there.

Q. Do I understand that you saw for the first time in the Public Works Department this claim of Mr. Armstrong, of the 23rd April 1891?

A. I think I saw the claim first in Mr. Robitaille's office.

Q. The first time you saw it in the Public Works Department was the 23rd or the 24th of April?

A. About then,

Q. And you sat down with Mr. Langelier and composed this letter?

A. Yes, Sir, about that.

Q. Now please look at the Public Works record, among the papers of 1891, at the statement of account of Mr. C. N. Armstrong there, and state if that is the document that you and Mr. Langelier had before you, when you composed this letter of the 24th April 1891?

A. Yes, Sir. That is it,—copy of which is produced as exhibit No. 3.

Q. Was that the only document that you and Mr. Langelier had in connection with the Armstrong claim, at the time?

A. I had looked over Mr. Light's estimates there. That is all I had before me.

Q. You had no other documents before you, except what appears on the face of that paper?

A. That is all.

Q. You had looked over the figures of Mr. Light?

A. Yes, Sir.

Q. And had the original certificates of Mr. Light before you?

A. Yes, Sir.

Q. When?

A. The first time I saw the statement.

Q. Did you see from Mr. Light's certificates how the figures were made up?

A. I saw the total?

Q. You did read the certificates through?

A. No, Sir.

Q. You saw that he certified to certain sums?

A. Yes, Sir.

Q. And you took it for granted that these figures were all right, without making any further examination?

A. Yes, Sir.

Q. And on that, you settled this matter and paid \$175,000.

A. Yes, Sir.

Q. You consented to the payment of the \$175,000?

A. Yes, Sir. on the strength of the certificates.

Q. Now, I assume, of course, that if you had only paid \$25,000, the balance of the money would go to the company?

A. Naturally.

Q. So that, every thing you might save off these claims would go to the benefit of the company.

A. Yes, Sir.

Q. And in settling these claims, you made no other examination than what you have mentioned?

A. Not to any extent.

Q. Did you have any communication with Mr. Cooper, the leader of this syndicate?

A. No.

Q. Nor any correspondence about it?

A. No.

Q. Do you know whether Mr. Cooper was aware that there was a claim on the part of Mr. Armstrong?

A. Mr. Cooper was made aware that Mr. Armstrong had to get \$175,000 for his position. He told him that in our office.

Q. Were any papers submitted to you or to Mr. Cooper on behalf of this syndicate, showing how this claim of Mr. Armstrong was arrived at?

A. Mr. Armstrong never represented it was \$175,000 that he wanted for his claim. It is for his position that he wanted the money.

Q. And for his good will, I suppose?

A. Yes, Sir.

Q. Or for whatever would be comprehended in that?

A. I suppose so.

Q. Did that comprehend his influence too?

A. Not at all. We might have paid him extra for his influence, if we wanted it.

Q. Do I understand that among your papers you have any copy of this letter which you wrote to Mr. Langelier?

A. I presume I may have in Montreal.

Q. This is very important. I want you to be sure about it.

A. I could not tell you from memory. I would not like to swear.

Q. Have you a copy of this claim?

A. I must have. The original claim itself really belongs to my company, and Mr. Langelier is holding it on behalf of the company.

Q. I understand you to pass generally for a pretty clever and shrewd man.

A. Thank you.

Q. And you are dealing up into millions of dollars?

A. Yes, Sir.

Q. And running a railway out there in the Baie des Chaleurs district?

A. Yes, Sir.

Q. And you mean to tell us that you cannot tell us whether you have any important papers to lay before the Commission to show you have settled the claim?

A. I have an important paper which shows it. It is here in the hands of J. C. Langelier and he is holding it in trust for the company.

Q. So that you might go and get this document and take it away as belonging to the syndicate?

A. Yes, Sir.

Q. And then the Government would not have any receipt at all?

A. Oh, yes, Sir, I would give them a receipt for it myself,—exchange receipts.

Q. Exchange receipts?

A. Mr. Hall. I would like to explain that all these claims are subrogated to us. This is a subrogation taken primarily in favor of the Government, and they remain in the hands of the Government until they are all paid, when we will take a general subrogation of the lot. As the claims are being paid,—any person's claim whatever—as Mr. Langelier presents the claims, he takes a subrogation in favor of the Commissioner of Public Works, the understanding being that as soon as the claims are paid, he will re-subrogate them to the company.

Q. Well, then there is an understanding about this, and we must have a record about it?

A. Yes, Sir.

Q. Is it reduced to writing?

A. The forms of the subrogation are in existence.

Q. That is to say, they are actually on all the receipts?

A. I presume so.

Q. And you would be entitled to draw all those papers?

A. Certainly.

Q. But there is nothing in writing to that effect?

A. There is an understanding between Mr. Garneau and myself.

Q. Where does this subrogation exist?

A. In talking over the best form of settlement, one day I made a request that a subrogation should be taken for all claims.

Q. And you understand that that has been carried out?

A. I think so.

Q. And that subrogation would be in writing?

A. I should say so.

Q. Well, will you just show us where the subrogation is on C. N. Armstrong's claim? Will you look at the original record of the Public Works Department and state where there is any subrogation in writing on that claim of Mr. C. N. Armstrong, a duplicate of which is filed as exhibit No. 3. and show me where the subrogation is that you have referred to, on that claim.

A. There it is. (indicating)

Q. Well, read it.

A. "I, Charles N. Armstrong, contractor for the construction of the Baie des Chaleurs, Railway, do hereby grant a full and complete discharge and quittance to the Baie des Chaleurs Railway Company of all and every claim of whatsoever nature and kind which I have or may have against the said company, and I further agree to cancel and annul and do hereby cancel and annul the contract and agreement entered into with the said company on the ninth day of June, 1886. for the construction of said railway.

I do hereby authorize the said company to take possession of the works on the said railway, and all materials provided for the construction of the line, together with all the rolling stock placed on the line in furtherance of the provisions of said contract, of 9th June 1886.

And I further transfer, assign and make over to the said company all and every claim which I have or may have against Henry MacFarlane or the insolvent estate of Henry MacFarlane and Son, and the said company is hereby authorized to use my name in enforcing or collecting such claim.

Signed at Quebec, this 28th day of April, 1891.

C. N. ARMSTRONG."

Q. That is the subrogation you referred to?

A. Yes, Sir, that is it.

Q. That is the only subrogation you know of?

A. That is all I know of.

Q. I asked you a few moments ago if you recollected in whose handwriting this letter of the 24th day of April, 1891, addressed to Mr. Langelier and signed by you was?

A. Yes.

Q. And you said you thought it was in type-writing?

A. I said it may have been written in type-writing after making some alterations.

Q. Look at the document shown you that purports to be the original of that, and state if that is the letter?

A. Yes, Sir.

Q. Copy of which is now produced as Exhibit 135?

A. That is my writing, and that is the letter.

Q. Read it?

“ QUEBEC, April the 2

J. C. LANGEЛИER, Esq.,

Quebec.

Dear Sir,

In answer to yours of the 23rd inst., transmitting for my approval the account of Mr. Armstrong, Esq., agent of the Baie des Chaleurs Railway Company, to the amount of \$943.62, I beg to state that I refuse to approve and certify that account for more than one hundred and seventy-five thousand dollars (\$175,000), and this on the express condition that Mr. Armstrong shall cancel and annul his contract with the company and shall give an absolute discharge of any claims whatever against the road or anything connected with it, directly or indirectly.

Yours very truly,

A. M. T.

Q. Was it not in answer to that letter that Mr. Armstrong gave the letter of the 28th of April which you have quoted a moment ago?

A. I presume so.

Q. Now, I may differ with you, Mr. Thom, but it does not seem to me that the letter written on the 28th of April is a subrogation of a claim settled on the 24th?

A. I think it is.

Q. Mr. Thom, in answer to one of the members of the Commission you told me that Mr. Cooper, Fairman & Co. had a claim of about \$19,600.

A. About that.

Q. That was a secured claim at the time you were going on with the negotiations?

A. Secured by bonds,—bonds of no value unless the work progressed.

Q. Cooper, Fairman and Company had received bonds of the Baie des Chaleurs Railway Company for \$50,000 to secure that?

A. \$51,000.

Q. I understand that the cheques produced by you this morning as Exhibits 134c, etc., show how the monies deposited in your account in the Banque Nationale the \$31,750 were paid?

A. Yes, Sir.

Q. And if I have paid proper attention I see that out of those cheques \$17,000 was paid to Mr. James Cooper?

A. In the first place, yes. I don't know if that was the exact amount, but the cheques are correct that is right.

Q. Now, while you were down here during that first visit in March, and then in April, going on with these negotiations, did you have any correspondence with Mr. Cooper?

A. No, I don't think I did. Mr. Laflamme was here and returned after consulting me, and Mr. Lonergan was here also.

Q. How long was Mr. Laflamme here?

A. I think a day.

Q. Do you recollect the day he was here?

A. I think he was down here after I came down, probably on the 17th of April, and remained a day.

Q. Remained a day?

A. Yes Sir.

Q. How long was Mr. Lonergan here ?

A. Twice or three times.

Q. The 19th, 20th and 21st ?

A. It would be hard to say.

Q. But you had no communication in writing with Mr. Cooper or any other members of the syndicate ?

A. No Sir, I think not.

Q. In the statement that you produce containing the list of the share-holders, would you also put upon that the date that these various gentlemen accepted transfers of their stock. You have your books here.

A. It might be pretty hard to do that, I have not got the scrip with me. I can give you the date of the transfer to us. It was made by the old secretary, I can give you the dates I have here.

Q. Then from the records you have as secretary-treasurer of the company, you can't tell us the dates when these various gentlemen accepted the transfer of their stock ?

A. I could if I had the scrip.

Q. Have you not delivered the scrip ?

A. We have a peculiar kind of scrip.

Q. It must be a very peculiar kind.

A. It is a sort of a transfer and everything else. It will take me some time to get at it for you.

Q. You understand what I want. I want the dates when the transfers were accepted by these gentlemen, if there is nothing too peculiar about it.

A. Oh ! there is nothing peculiar about it.

Q. The only peculiarity about it is that you are not able to give us the information without a good deal of delay, time and trouble ?

A. The dates show here to myself on 27th of April,— Ewing on the 30th,— Williamson on the 29th and Cassels on the 30th ; no, these dates are all wrong. They were all on the 25th.

Q. I will ask you another question ; has this Baie des Chaleurs Company got a stock transfer book ?

A. A stock transfer book ?

Q. Yes.

A. Yes.

Q. Will that not show when these gentlemen composing this syndicate and the present shareholders of the company accepted the transfer of their stock.

A. Not the date of their acceptance.

Q. Does this company keep a stock ledger ?

A. I opened one.

Q. Why did you open it ?

A. In order to bring it down to Quebec. There never was one before.

Q. Well, we don't want to manufacture one.

A. All right. There is a stock record book, which amounts to the same thing.

Q. Have you got that ?

A. Yes, Sir.

Q. Will that show the date of the acceptance by these gentlemen of the transfer of stock?

A. I don't think so.

Q. Have you anything among the books of the company either in writing or otherwise to show the acceptance of the stock transferred to those various gentlemen?

A. I have not got anything at all.

Q. Then how do you know that they have accepted now?

A. The certificate of the treasurer is evidence enough.

Q. Do you think that it is sufficient to oblige these gentlemen to pay calls on stock?

A. I think it is.

Q. I understand that none of these gentlemen have paid anything on that stock?

A. Well, I qualified them all myself, I think. Mr. Cooper may have qualified one.

Q. Is there any resolution of the board of directors of this company or of the stockholders of this company showing that the Order-in-Council passed in April last was brought before them and discussed?

A. No, Sir.

Q. Is there any resolution accepting the terms of the Order-in-Council?

A. No, Sir.

Q. Mr. Thom, I would like to quote your evidence which you appear to have given before the Senate Committee, at page 186, with reference to dates.

Q. Well, did you examine all the vouchers and engineers' estimates making up Armstrong's claim?

A. I did not think it was necessary. I saw attached the signatures of men in whom I had the utmost confidence.

Q. But you never thought of verifying them?

A. No.

Q. You never verified that statement before you certified to Mr. Langelier by this document that \$175,000 ought to be paid to Mr. Armstrong?

A. Not further than looking over it.

Q. You simply looked over the claims submitted?

A. I saw Mr. Light's estimates and the figures there.

Q. Where did you see Mr. Light's estimates?

A. I think it was in Mr. Riopel's house."

Q. Do you recollect giving that evidence before the Senate?

A. Certainly.

Q. Then you accepted these claims, as a matter of fact?

A. Yes, Sir, but read the rest.

Q. Do you remember the date?

A. I do not remember.

Q. Do you remember about the date?

A. The negotiations were between the 15th and the 23rd of April.

Q. You had not very much time between the 15th and the 23rd to go through and check that claim in exhibit 5?

A. Not the details of it.

Q. You did not check any details?

A. It was impossible for me to do so, it is an engineer's business."

A. It agrees with the evidence I have given here.

Q. Did you have any communication with Mr. Cooper or any member of the syndicate before you gave that letter to Mr. Langelier, of the 24th of April 1891?

A. No.

Q. Do you recollect what date it was you first heard Mr. Armstrong was prepared to take \$75,000 for his claim?

A. It must have been some time last August,—August a year ago.

Q. About what date?

A. I think about August a year ago.

Q. 1890?

A. About that.

Q. Will you now look at the **Exhibit 41** filed in this matter, which is going to be shewn you, and just state if the first part of that is the letter or copy of the letter that you wrote to the Hon. Mr. Garneau?

A. Yes, Sir. It looks like it.

Q. Do you recollect when you handed that in to Mr. Garneau?

A. About the 21st of April, I suppose.

Q. 1891?

A. Yes, Sir.

Q. Do you recollect what answer Mr. Garneau gave you to that letter, being the letter **Exhibit No. 41**, and purporting to be a proposition by you to the Hon. Mr. Garneau in connection with the taking over of the Baie des Chaleurs Railway Company and constructing the road, dated Quebec the 21st April 1891?

A. I could not say what answer he gave me.

Q. Did you ever see a draft of the report of Mr. Garneau, as Commissioner of Public Works, annexed to the letter I have just quoted, and forming a part of **Exhibit No. 41**, dated Quebec the 28th of April 1890, and purporting to deal with some proposition of yours in connection with the Baie des Chaleurs Railway Company?

A. I do not understand French.

Q. You will have to say whether you saw it or not. You may have seen it or had it translated for you?

A. I could not say whether I have seen it or not. Some French letters were translated for me, but whether this is the one or not, I do not know.

Q. You also wrote, I suppose, the letter which appears after the draft of report of the Order in Council which I have just quoted to you, being the last part of this **Exhibit No. 41**, under date of 17th of April 1891, containing also a proposition on your behalf in connection with this railroad?

A. Yes, Sir, I signed that letter.

Q. I see that your signature is cancelled at the end of that letter?

A. Yes.

Q. Do you recollect by whom?

A. No, Sir, I do not.

Q. Do you know in whose handwriting are the pencil marginal notes in that letter of the 17th of April?

A. No, Sir, not there, (indicating). I do not.

Q. I understand you wrote a great many letters to Mr. Garneau?

A. Certainly.

Q. How many?

A. Probably five or six.

Q. Were they drawn up by yourself?

A. Most of them.

Q. Did you have any legal assistance to help to draw them up?

A. From Mr. Lonergan, at one time.

Q. At what date was Mr. Lonergan here?

A. I think he was here on the 21st, and once before that. I could not say when.

Q. Did he assist in drawing up these letters?

A. Yes.

Q. And you say that he was here on the 21st of April, and once before that?

A. I think only once before that.

Q. You must be certain about it, because these letters are drawn up on the April, some of them.

A. Yes, Sir.

Q. And he was here when they were drawn up?

A. I don't say that, because the Hon. Mr. Laflamme come down with me first. Mr. Lonergan came down and carried on after Mr. Laflamme had returned.

Q. Do you know if you ever got any answer from Mr. Garneau under date 17th 1891, that being the date of your letter on which your signature is cancelled.

A. I must have been told that my proposition was not in a shape to be accepted something like that.

Q. You understand that there is first of all a report of the Executive Council in a measure before an Order in Council is signed?

A. I don't know anything about it.

Q. When did you first hear from any member of the Government that your proposition of the 17th of April had been accepted?

A. Do you mean by that when it was signed by the Lieutenant Governor?

Q. No, Sir, I do not, I mean when did you first hear from any member of the Government that your proposition of the 17th of April had been accepted?

A. That letter was drawn up so that it would be accepted. I knew it would be accepted because we had agreed on the terms, and it was the result of several interviews on the subject.

Q. Then you, of course, saw several other ministers besides Mr. Garneau?

A. All who were there.

Q. Who were they?

A. Mr. Garneau, Mr. Ross occasionally, Mr. Robidoux, Mr. Chs. Langelier and Duhamel. I think they were all.

Q. And you met them several times up at the Parliament buildings?

A. Very often.

Q. I suppose you were aware, after you put in your proposition, that there would be a meeting of the ministers before you were to get an answer?

A. I presumed so.

Q. Do you recollect if that meeting ever took place?

A. I don't know anything about it.

Q. When was it first communicated to you that your proposition of the 17th of April was accepted?

A. I don't know that it was ever communicated to me. I was aware that the ministers would agree to it, when I signed it.

Q. Do you recollect who told you that the Lieutenant Governor approved it?

A. I do not know.

Q. It was not important enough to remember that?

A. Unless it was Mr. Garneau I can't remember. It may have been Mr. Moreau. I went up to the department to see whether the Lieutenant-Governor had signed it.

Q. You were shewn this letter **Exhibit No. 24** yesterday and you were asked if it was your handwriting and you said no.

A. It is not in my handwriting.

Q. Do you know whose handwriting it is in?

A. No, Sir.

Q. Look at it carefully and see if I can help you to remember.

A. I don't believe I have ever seen the writing in my life before.

Q. How long have you known Mr. Lonergan, the solicitor of the company?

A. Intimately for about six months.

Q. How long?

A. Six or seven months.

Q. And of course, since he has been solicitor of the company, you have had some communications from him?

A. I have had some.

Q. Is not that letter in his handwriting?

A. I would not swear to it. I would rather swear that it was not than it is.

Q. You don't think that is his writing?

A. No, Sir.

Q. It is not your writing?

A. No, Sir.

Q. Do you recollect where it was written, do you recollect where you signed it,—I mean where it was signed.

A. I do not know.

Q. Do you recollect the circumstances under which it was signed?

A. Yes, Sir. I mentioned to Mr. Garneau the fact that I had remained over two or three times at his request in hope that the transaction would be closed, and I had waited so long that I was about getting tired of the transaction, and so Mr. Garneau stated that if I would wait over a day more, as it was nearly through, he would carry it through on a certain day. I said I had had promises enough and that I wanted it in a definite shape.

Q. Did you state that to Mr. Garneau or somebody else?

A. I told it.

Q. Where?

A. In his office.

Q. Do you recollect where this letter was handed to you?

A. It may be in his office.

Q. Do you recollect who else was there?

A. Perhaps Mr. Lesage.

Q. You think it was Mr. Lesage?

A. I don't remember getting the letter any way, so I cannot associate it with any person being there.

Q. I understand that the present company have sublet the work on the road to Mr Hogan ?

A. They have given Mr. Hogan a contract.

Q. To do what work the company would have to do ?

A. To take the first 20 miles.

Q. Does he assume all the financial responsibilities ?

A. Assisted by us.

Q. By whom ?

A. The company.

Q. Has the company a large financial standing in Montreal ?

A. I don't think you have any right to ask that.

Q. I want to know if it is the company's financial assistance or somebody else's ~~that~~ is helping him ?

A. I don't think you have any right to ask that.

Q. I want to know whether it is the company's financial assistance or somebody else's that is helping Mr. Hogan.

A. Am I compelled to answer that ?

Q. Well, I won't press the question. Mr. Thom, I understand that after the company completed their negotiations with the Government down here, they made an application ~~to~~ the Dominion authorities for financial assistance for the road ?

A. Not that I am aware of.

Q. Did they make an application in connection with getting a charter from the Dominion Government ?

A. The application, I think, was made by the old company. We simply followed it up.

Q. Do you recollect that the solicitor of your company, Mr. Lonergan, presented a memorandum to the Hon. Mr. Abbott, Premier of the Dominion, in connection with this charter or some other matters ?

A. I don't remember it.

Q. You don't remember ?

A. No, Sir.

Q. Will you look at the paper now shewn you, and which was produced before the Senate Committee as **Exhibit No. 1**, and is now produced before this Commission as **Exhibit 136** and state if you are aware that that document is in the handwriting of the solicitor of the company, Mr. Lonergan, and was handed by Mr. Lonergan to Mr. Abbott, in the month of May or June 1891 ?

A. I think that is his writing. I never knew he handed it to Mr. Abbott.

Q. You never heard of it ?

A. I may have heard of it, but I could not swear that it is the document.

Q. I suppose the contract which the company has with Mr. Hogan, subletting the work, is in writing ?

A. Yes, Sir.

Q. Passed before a notary ?

A. No, Sir, a lawyer.

Q. In duplicate ?

A. Yes, Sir.

Q. Have you any objection to produce that contract ?

Certainly, I have a decided objection.

Mr. Béique :—

Why do you want it produced ?

Mr. Hall :—

I think it is very important. A certain amount of evidence has been laid before the Commission to the effect that there was a great necessity for constructing that road and it was because it was to be built by this wealthy syndicate that the Government was anxious to close the transaction. The Order in Council was passed upon the understanding that the construction of this road would be carried on by a wealthy syndicate. Now, in addition to that we have an application made asking for some change in the nature of the payment of the subsidies and if there was a great necessity to build the road, if it was to be built by this wealthy syndicate, it might be well for us to see, as a matter of fact, if these people having sublet these works, did in any way place themselves under any financial obligation in this matter.

By Hon. Mr. Justice Davidson :—

Q. How much of the road have you under contract ?

A. Twenty miles.

Q. And as to the balance ?

A. We will likely let the contract for that this winter.

Q. You are doing nothing then so far, except on the first 20 miles ?

A. That is all. It was impossible for us to do 40 miles in one season.

Q. You have not touched the balance then at all ?

A. No, Sir, we are only working on the one 20 miles. That is all our contract calls for this year.

Q. You have expended nothing on the balance ?

A. Engineers are going down there to survey the line.

Q. Then the expenditure of \$260,000 on the 40 miles from Cascapedia to Paspebiac mentioned in the exhibit just referred to, is not an expenditure by your company ?

A. I do not understand that quite. (Looking at the book, giving quotation referring to the question just asked, the witness declares it was a mistake in print).

Hon. Mr. Justice Davidson :—

In the meanwhile, the Commission prefers to take communication of this contract.

The Witness :—

The contract is in Montreal.

Hon. Mr. Justice Davidson :—

Your subpoena was pretty broad and you should have brought it with you.

No answer.

Q. How much did you calculate you were receiving from the Government on the first 20 miles ?

A. From both Governments, \$234,000.

Q. How much per mile would that be for the first 20 miles? Surely you must be wrong.

A. No, Sir, there is \$50,000 on the miles 60 to 70.

Q. You wholly mistake the question.

A. On miles 60 to 70 there is \$50,000, on miles 70 to 80 there is \$70,000, and then there is \$50,000 for the bridge at Cascapedia, and \$64,000 from the Federal government, making a total of \$234,000.

Q. And that would represent?

A. About \$11,700 a mile.

Q. Have you with you the transfers of the old company to the new company of the shares held by them?

A. I have the book here which I can show you.

Q. What is the date of the transfers?

A. April the 25th.

Q. April the 25th?

A. Yes, Sir. Here is a register of the transfers, if you wish to see it.

Q. Have you the original?

A. This is the original register of transfers.

Q. Were the signatures here?

A. No, there are no signatures there. We have not touched any of these books since we got possession of them.

Q. How could you get any legal title to a lot of shares, unless they gave you a transfer of the stock?

A. If I could show it to you, you would understand it. Would you care to look at this? (producing the transfer book)

Q. Yes, I would. Has Mr. Armstrong any interest in your company?

A. No, Sir.

Q. None whatever?

A. No, Sir.

Q. He is completely disassociated from you?

A. Yes.

Q. You stated in the course of your examination in chief that the amounts which the present contract with the Government represented were as follows: 800,000 acres of land at 35 cents per acre: \$280,000,—\$260,000 of subsidy on the last 40 miles,—\$50,000 for the Cascapedia bridge,—\$64,000 of Dominion subsidy, and \$31,000 further balance of Dominion subsidy, making a total of \$685,000. I remark that you have not taken into consideration the deferred subsidy of 35 cts per acre which would some time become due on the 800,000 acres.

A. I can't attach any value to it.

Q. It is an asset, I suppose?

A. Yes, Sir, and we would not like to give it away, but we would sell it very cheap.

Q. Will you refer again to your letter of the 24th of April and state if it contains any reference to this deferred subsidy of 35 cts, being **Exhibit No. 17**?

A. Yes, Sir, I see I mention it there.

Q. Read from the letter the reference which you make to this deferred subsidy of 35 cts in representing the par value of \$280,000?

A. "The balance unexpended of the 800,000 acres of land voted last session, converted to cash at 70 cts per acre for payment of claims as stipulated in the said Order in Council 237, to be paid according to law and the terms of said order."

Q. What answer was made you as to that,—was it an acceptance or refusal?

A. That is simply an expenditure of the Order in Council.

Q. Answer the question.

A. I received a reply to this letter.

Q. What is the answer?

A. Mr. Moreau says, in reply: "I have said that the above subsidies according to section 5 of 52 Vict., ch. 86 and other acts referred to in said Order in Council, are to be paid in the manner above described in conformity with the terms of said Order in Council.

Q. What about the deferred subsidy how is that to be paid?

A. That was an old subsidy remaining on the first 20 miles. It has been there on the first 20 miles.

Q. And has been converted into cash?

A. The deferred portion of it certainly not.

Q. What was the effect of your letter to Mr. Moreau and his reply as to conversion to cash at 70 cts on the 800,000 acres of land?

A. I don't know as it had any effect at all. It made the matter clear in my mind. As to the amount we were entitled to get under the Order in Council, I did not wish to have any doubt about it in any way.

Q. You said in your letter that you went..... You speak here of a conversion into cash at 70 cents per acre, of the 800,000 acres of land. What did you mean by that?

A. Those are the terms on which Government always converts land, that is to say 70 cts being payable in cash and 35 cts deferred.

By Mr. Beique:—

Q. When the land is sold?

A. The first 35 cts is a conversion into cash, and the second is a payment over of 35 cts to the company, when the land is sold. It is a sale by the government of the land and a payment over of the money.

Mr. Beique:—

I know the expression is bad, but I believe the statute has the same expression, speaking of the conversion at 70 cts per acre.

Mr. Hall:—

But when the statute says 70 cts, it says 35 cts payable in cash and 35 cts deferred.

By Hon. Mr. Justice Davidson:—

Q. Have you the statute Mr. Thom, let them rather be made clear, so far as this expression, concerned. Did you wish to put forward a request for payment of 70 cts per acre for, the 800,000 acres of land?

A. No, Sir.

Q. Simply for 35 cts, conversion into cash, and a contingent right of 35 cts per acre on the land was sold as provided for?

A. By law. This was simply in accordance with the act as I understood it.

Q. Mr. Thom, I understand you to say that the practice of this company has been, with reference to the transfer of shares, to have the printed form in your share book to be signed by the assignor and the assignee, and then torn out from the book and delivered to the assignee, the company keeping a memorandum of the transaction on the stub?

A. Yes, Sir.

Q. That is all?

A. That is all.

Q. Not retaining the original transfer?

A. Well, there are some up in the office.

Q. In whose handwriting are the stubs appearing in the share book?

A. Mr. Robitaille's, the old secretary-treasurer.

Q. The whole of them?

A. I could not say. The last few pages are, any way.

Q. When did you obtain possession of this book?

A. Shortly after we got possession of the railroad. After we got possession of the railroad I think it was.

Q. In whose handwriting were the stubs filled up which represent the transfers from the old company to the new?

A. I think they were in Mr. Robitaille's writing too.

Q. As a matter of fact, all these stubs are in the handwriting of Mr. Robitaille?

A. I think so, Sir.

Q. Will you produce, as an example, the transfer of the 1022 shares from Mr. Robitaille to you?

A. Yes, Sir, but I have not got it here.

And thereupon the Commission adjourned until 2 P. M.

2 o'clock p. m., the 30th October, 1899

ANGUS M. THOM, continued his deposition as follows :

By Hon. Mr. Justice Davidson :—

Q. There is one point, Mr. Thom, referred to in your evidence on which you perhaps be able to give us some additional information. You have stated that you were aware that Mr. Armstrong had stood ready to accept \$75,000 in settlement of his claim against the old syndicate and you had acceded to the increased demand of \$175,000 because of the better financial position of the undertaking in consequence of legislation of last session. Can you tell us how that better financial position in any way increased the value of Mr. Armstrong's position when he only received \$75,000?

A. The value of the asset that he was offering for sale was worth \$280,000.

Q. Oh, no?

A. Yes, Sir.

Q. It could not be that?

A. It was worth more by the last subsidy.

Q. In one case he was willing to accept \$75,000 and in the other case he was willing to accept \$75,000 and did accept it, and you paid him \$175,000?

A. Yes, but he demanded \$180,000 from me.

By Mr. Bétique:—

Q. Will you say, Mr. Thom, if you were a shareholder in the Baie des Chaleurs Railway Company before you negotiated with the company?

A. Yes, Sir.

Q. How far back were you a shareholder?

A. 1887, I think.

Q. Will you refer to the stock-book which you have now before you and state the date?

(Witness refers to stock-book).

A. June 4th, 1886.

Q. To what extent were you a shareholder?

A. One hundred shares.

Q. Did you remain a shareholder for these one hundred shares up to this date?

A. I have transferred thirty.

Q. And you always kept the balance?

A. I have got the balance still.

Q. Your holding of shares was increased in April or May last?

A. That is, by the quantity I held in trust—some four thousand.

Q. You are in possession of all the books of the Baie des Chaleurs Railway Company?

A. Yes, Sir.

Q. The books that were kept by Mr. Robitaille before you negotiated with the Government?

A. Yes, Sir.

Q. You have these books with you now?

A. Yes, Sir.

Q. You have stated that you were approached by Mr. C. N. Armstrong some time at the end of February, I believe?

A. Yes, Sir.

Q. About forming a syndicate to take hold of the railway?

A. No, Sir, not in that shape. He approached me to buy him out; he did not say anything about forming a syndicate.

Q. Did you at first entertain the proposition?

A. No, Sir.

Q. Why did you not entertain his proposition?

A. When Mr. Armstrong spoke to me, I was not aware that Mr. Macdonald had ceased negotiating.

Q. Then, do I understand you to say that you would have nothing to do with Mr. C. N. Armstrong until you were satisfied that Mr. John J. Macdonald had ceased negotiations with Riopel or the Government?

A. Most positively. Had I not been sure that John J. Macdonald had ceased negotiations I could not have gone into it on any account.

Q. Will you state the reasons that satisfied you that John J. Macdonald had withdrawn from the project?

A. On two different occasions Mr. Macdonald told me he had ceased negotiations.

Q. When was it?

A. Some time about March, I presume, the first March.

Q. Any way before your visit to New-York?

A. Certainly.

Q. You are positive that it was before your visit to New York?

A. Positive.

Q. Was any other person present with you and Mr. Macdonald when he told you he had ceased negotiations?

A. On one occasion Mr. Cooper was present.

Q. Where was it that Mr. Cooper was present?

A. At lunch, in Freeman's, in Montreal.

Q. What did Mr. Macdonald tell you and Mr. Cooper on that occasion?

A. On that occasion Mr. Cooper spoke to Mr. Macdonald and asked him whether he was going on with the Baie des Chaleurs Railway. He said no, that it was for him to make any arrangement with Mr. Riopel and he had not done anything since November—I think it was November he said—and he stopped the negotiations. Mr. Cooper then said to Mr. Macdonald that unless Mr. Macdonald went on with the road (Cooper) would have to do something to protect his claim, to which Mr. Macdonald made no reply, leaving me and Mr. Cooper under the impression that he had no intention of continuing the negotiations.

Q. Anyway, you are sure that you and Mr. Cooper intimated to Mr. Macdonald as soon as he would withdraw from the project you would go into it?

A. I did not tell him that. Mr. Cooper did tell him that if he should withdraw he should have to take some means to secure his claim.

Q. On any other occasion did you tell him or did Mr. Cooper tell him?

A. I don't think so until after it was closed.

Q. At that time did you communicate with Mr. Riopel or Mr. Robitaille or Mr. Macdonald to ascertain whether anything was to come out of their negotiations with Mr. Macdonald?

A. Well, Mr. Armstrong told me that all negotiations with Mr. Macdonald had ceased and that Mr. Riopel, he thought, would be anxious to treat with us or any person who would likely go on with the scheme.

Q. At that date did you obtain the option filed yesterday.

A. I think it is dated 18th March.

Q. Was it obtained on that day?

A. I think so.

Q. Then you communicated with Mr. Riopel?

A. Previous to that there was some communication with Mr. Riopel through Mr. Armstrong.

Q. Was it through Mr. Armstrong that this option was obtained by you?

A. I can hardly say that, but it was he induced us to go into it. and telegraphed Mr. Riopel that we were likely to go on with it.

Q. But you had personal interviews with Mr. Riopel previous to the signing of the option?

A. Yes.

Q. At that time had you any conversations with Mr. Riopel as to whether there were any negotiations with Mr. Macdonald and as to whether there was anything to come out of them?

Riopel positively assured me that he would have nothing to do with the project.

Q. Did he give you reason ?

A. He said he was too stingy.

Q. Any way, you were satisfied that there were no more negotiations between them ?

A. I was perfectly satisfied before I went in.

Q. Was it after that you went to New-York ?

A. No, about that time. Before that time. I think it was on the thirteenth March I went to New York, if I am not mistaken.

Q. You have stated that your interview with Mr. Robidoux and Mr. Langelier was very short, in New York ?

A. Yes.

Q. It lasted how long ?

A. Two to five minutes—hardly five minutes, I think—two minutes, more likely.

Q. Was there any offer made by them to return to Montreal ?

A. No, Sir.

Q. What did they tell you ? Did they speak as to when negotiations could be entered into ?

A. On their return from the trip which they were about taking.

Q. They told you they were on a trip for some two or three weeks and they asked you to send in your proposal and on their return, it would be taken into consideration ?

A. Yes, Sir.

Q. You had no conversation with Mr. Pacaud about this, except that you were presented to Mr. Pacaud ?

A. The first time I ever met Mr. Pacaud in my life was there.

Q. You stated that you then met some of the ministers in Quebec in the month of April ?

A. Yes, Sir.

Q. After Mr. Robidoux and Mr. Langelier returned from their trip ?

A. Yes, Sir.

Q. You have stated also that you never employed Mr. Pacaud in any of your negotiations with the Government ?

A. Never in any way.

Q. You are most positive of that ?

A. Most positive.

Q. Had you a number of interviews with the ministers that were in Quebec at that time ?

A. Yes.

Q. Did you find them easy to close the negotiations ?

A. No, on the contrary, it was one of the hardest jobs I ever tackled.

Q. Did Mr. Garneau or any of the ministers show any anxiety to close the negotiations hurriedly ?

A. No, the anxiety was the other way— not to close them.

Q. You say that it was the most difficult bargain that you had ever had ?

A. Yes, Sir.

Q. Well, was it on account of that you threatened to break negotiations ?

A. That was one of the reasons.

Q. Were you urging always the same reasons about your option expiring ?

A. Yes, that was one ; and Mr. Armstrong was anxious to get his money, and I was anxious to get on with the work.

Q. Did you urge also the danger there would be in delays in resuming work ?

A. Yes, Sir.

Q. You have stated, I believe, that before you closed with the Government these bonds of the Company were not worth much ?

A. I don't think they were worth very much. The bonds of any road that has not been built and is not in operation, there is not much value to them.

Q. After you had closed with the Government what was the result of the agreement as to the value of the bonds of the Company ?

A. I did not know what it might make to the persons here, but to me it gave the bonds value, because I was aware that we were going to complete the road, and I would not have disposed of the bonds then without a handsome price.

Q. Were you satisfied the road was to be built ?

A. Perfectly.

Q. And had the Government reason to be satisfied then that the road was to be completed ?

A. According to my idea.

Q. Will you say, for instance, if Mr. James Cooper and Mr. J. P. Dawes are men of reputed very large means ?

A. They are wealthy enough to carry out this undertaking.

Q. Even outside of any subsidies, are they men of such means as would warrant the carrying out of an enterprize of that kind ?

A. I think if James Cooper went into an enterprize of that kind he could easily build it, even without a subsidy.

Q. What value would you put on the bonds now ?

A. Oh, I would not like to answer that question. There has been offered me for the bonds seventy-five cents that is, with the Quebec Government guarantee, for ten years.

Q. Then the Government should be guaranteed by the company ?

A. Yes, certainly, we would have to pay them for the guarantee.

Q. Well, in your opinion, would the bonds be worth a considerable sum ?

A. They would be worth from seventy cents to eighty cents, anyway.

Q. Will you refer to the letter of the 5th June filed here as **Exhibit No. 21** and say what was your purpose in writing such letter ?

A. So as the subsidy would be more properly applied to the value of the work to be performed, and assist us financially in the matter : that is all.

Q. But I believe you stated that you do not consider this letter will come into effect at all ?

A. I hardly think it will.

Q. By reason of the arrangements you made have you to complete the road ?

A. That we contemplate making, yes.

Q. That did not involve the Government into paying any larger subsidies than was authorized by the statute of last session ?

A. Not at all.

Q. It was merely a transfer of a portion of the subsidy from the 80 to 100 miles to the 80 miles ?

A. Yes, that is right.

Q. Now, will you say if in your negotiations with Mr. Armstrong or if at that time, considered that his claim was a privileged claim ?

Mr. Hall :—

Is that a question for the witness ?

Hon. Mr. Justice Davidson :—

Whether his opinion was right or wrong he appears to have acted upon it.

The Witness :—

A. Yes, I considered his claim was privileged.

By Mr. Bétique :—

Q. From what fact ?

A. From the fact that he built the road and was really the owner. He was in possession of the road, and then, again, he had the contract for the balance of the road—had a claim in bonds and owned half the stock. He certainly was in possession ; and as long he held his titles or his rights no person could have got the road away from him,

Q. Did that influence you in making the arrangement with him ?

A. That was the reason I made the arrangement with him.

By Hon. Mr. Justice Davidson :—

Q. Were you aware that his claim was only payable in bonds.

A. Yes, sir.

By Mr. Bétique :—

Q. Did you use your best efforts to make the best bargain you could with Armstrong ?

A. I got Mr. Armstrong down to the lowest figure that he would take.

Q. Had you any past experience with Mr. Pacaud ?

A. No, never.

Q. You have been shown these cheques filed as Exhibits 134a to 134t inclusive, forming a total sum of \$17,556.23.

A. They form a total of \$31,750.

Q. Well, out of these cheques a sum of \$17,556.23 was paid to Mr. James Cooper, was it not ?

A. More than that : I think Mr. Cooper got altogether out of that a sum of \$20,000.

Q. For what purpose was it ;

A. Because the money belonged to him. The whole of this money, I will explain you, was paid in this way : \$20,000 was paid to the old shareholders, and the balance was

Q. Of what money ?

A. Of these cheques.

Q. To Mr. Riopel, how much, and to Mr. Robitaille, how much ?

A. \$16,000 and \$24,000.

Q. \$16,000 to Mr. Riopel and \$24,000 to Mr. Robitaille ?

A. I don't know how they divided it up. They are not in these cheques.

Q. They are besides these ?

A. Yes.

Q. I would like you to repeat your arrangement with the old company—with Mr. Robitaille and Mr. Riopel ?

A. I was to pay them \$75,000 for seven-eighths of their stock.

Q. Were they to discharge any of the claims against the Company out of the \$75,000 ?

A. No, Sir.

Q. Then they were to get the \$75,000 clear ?

A. They were to get the \$75,000 clear.

Q. Well, out of the \$75,000 how much did you pay them ?

A. Sixty thousand dollars.

Q. \$40,000 by the cheques of \$16,000 and \$24,000 ?

A. Yes.

Q. Out of the proceeds of the letter of credit for \$75,000 ?

A. Yes, Sir.

Hon. Mr. Justice Davidson :—

Is this of any importance ?

Mr. Bétique :—

I could not realize what was the purpose of these cheques being produced.

Hon. Mr. Justice Davidson :—

He had them here in case they were needed.

Mr. Bétique, :—

I had some apprehension that there might be an object in having them ; but I could not see what it was.

Hon. Mr. Justice Davidson :—

Not at all ; if there had been any object, it would have been at once disclosed by the questions.

Q. There were some negotiations with Mr. Macdonald as to allowing him to have an interest in the company or in the new syndicate, were there not ?

A. Mr. Macdonald upon his return from England called upon me and wanted to know upon what terms he could enter the syndicate. I told him to think the matter over and make us an offer. He thought it over, he and Mr. Cameron, and I believe made an offer. This is hearsay. He made the offer to Mr. Cooper. Mr. Cooper and he had the conversation.

Q. Reference has been made to your evidence before the Senate Committee as to enquiries that you had made about Mr. C. N. Armstrong's claim, and a portion of your evidence was quoted. Will you refer to page 186 of your printed evidence before the Senate Committee, and say if you were also put the following questions and answered as follows?

"Q. The only other question is whether or not vouchers were produced to you?"

"A. The only vouchers were Mr. Light's certificates. I might explain that when my statement was presented it was certified by Mr. Riopel and Mr. Robitaille and Mr. Leduc, my present engineer, in whom I have every confidence. He was in Quebec at the time and went into the matter."

A. Yes, Sir.

Q. You had then at that time the assurance of Mr. Leduc that the claim was correct?

A. Yes, Sir.

By Mr. Hall:—

Q. Were you aware that Mr. Leduc had been Mr. Armstrong's engineer for a number of years?

A. I heard so.

Q. These certificates of Mr. Light did you examine them sufficiently to see if they were estimates of work done or the estimates of what Mr. Armstrong might be entitled to under his contract, if he completed it?

A. No, I did not.

Q. You have also stated that you were anxious to get through the negotiations in Quebec here in April last because you thought you were at the mercy of the old shareholders?

A. It might be that they would take advantage of their position.

Q. Were you aware at that time or had you been informed that the present Government had a short time before introduced legislation by which the Government could, under an Order in Council, take away the charter of any railway company incorporated by the Legislature?

A. I had been informed that there was such an act.

Q. And had you been informed that Mr. Mercier, the Premier, had declared in the House, in the introduction of this bill, that it was for the purpose of dealing with such companies as the Montreal and Sorel Railway Company and the Baie des Chaleurs Railway Company, because the shareholders were maintaining possession of the road?

A. I heard something to that effect.

A. A little of it?

A. Something.

Q. Enough to put you on your guard?

A. Yes.

Q. Now, you have referred to the present company completing the road. I understand you mean from Metapedia to Paspébiac?

A. Yes.

Q. I understood you to say that the bonds would be worth 75 cts to 80 cts on a dollar with the Local Government guarantee, and the company would have to pay that guarantee?

A. Certainly.

Q. Can you say how much you would have to pay. If I understood you, you would have to pay ten years interest?

A. I believe it figures at forty-one cents.

Q. Then forty-one cents deducted from the face value of the bonds would give us the net value of the bonds, thirty-four cents?

A. Yes.

Mr. Bétique :—

Q. Now, about this legislation allowing the Government to cancel the charter of companies had you any conversation with Mr. Armstrong about that?

A. Oh, I don't know who told me about it. I heard about it.

Q. Had you any conversation with Mr. Armstrong, and did he tell you, or did any other person tell you, that they considered that that law was *ultra vires* and that it would be disallowed by the Federal Government?

A. Mr. Hector Cameron told me that, and Mr. Riopel told me that, and Mr. Armstrong said they had no fear of that act.

By Mr. Hall :—

Q. Because it was *ultra vires* of the Legislature and would be disallowed?

A. They were under the impression that it was *ultra vires* and would be disallowed.

Q. I suppose you are aware that the law has not since been disallowed?

A. I don't know anything about that.

And further deponent saith not.

JAMES COOPER, aged 50, of the city of Montrea^l merchant, being duly sworn upon the Holy Evangelists, deposed as follows :—

By Hon. Mr. Justice Davidson :—

Q. You are the President of the Baie des Chaleurs Railway Company, are you not?

A. Yes, Sir.

Q. How long have you filled this position?

A. Since the 6th of May last.

Q. How many shares do you hold?

A. Some 560, I believe.

Q. How long have you held them?

A. I have held a portion of them for some two or three years, and the balance lately.

Q. Approximately, can you state how many you held, on the 6th of May, in the old company?

A. Previous to the 6th of May?

Q. Yes.

A. I think there is two hundred.

Q. Were they paid off?

A. No, only ten per cent.

Q. How much money have you paid into this concern?

A. Into the stock?

Q. Yes.

A. The stock was transferred to me.

Q. But personally, how much money have you paid into the concern?

A. Well, I don't think I should be asked, at this period, to answer this question.

Q. You have put money in it?

A. Yes, considerable.

Q. What part did you take in the negotiations which led up to the contract with the Government on the 23rd of April last?

A. I did not take any part, except when the matter was first brought to my attention by Mr. Armstrong.

Q. When?

A. It must have been in March or the very end of February, because I did not arrive until about the end of February.

Q. What passed?

A. I stated to Mr. Armstrong that I would not look into the matter at all and that I would not touch it. He asked me why and I said: I understand that Mr. Macdonald has been negotiating for that road,—and, in consequence of which I said I did not wish to be mixed with it at all. I was a little anxious of course, being a large creditor of the estate. I was a little anxious about it, and I think about the last week in February or the first week in March Mr. Macdonald was in my office, as I had been doing trade with him for a number of years, and I asked him then if he was going to take up the Baie des Chaleurs matter and he told me that he had called the matter off; he could not come to any settlement and that he would not go on with it any further.

Well, then—the reason I bring this in is that after that Mr. Armstrong still followed me up to look into the matter, and I suppose my reason for doing it was I was a large creditor for a considerable amount and I had dealings with Mr. Armstrong for four or five years,—some times as much as \$150,000 in a year—that is in rails of course, which run up to a large sum of money, and I have always been paid for my materials and I was very glad to help him. Then I said: “Now, Mr. Thom is my financial man. He is pretty careful and shrewd in what he has to do, and I will turn you over to Mr. Thom, and if he can make an arrangement, that will be satisfactory, I will be willing to go into it.”

In about a week or ten days from that time I met Mr. Macdonald and once again put the question to him while we were taking lunch at Freeman's—in fact he intimated to me that he was going to England in three or four days. I was very anxious to have another interview with him, and I asked him then if he thought he was going to continue the matter. He stated then and very distinctly that he was off the matter altogether. I said to him: “Mr. Macdonald, it is a very serious matter to me. My interest in Cooper, Freeman's represents some eighteen or nineteen thousand dollars with other debts altogether and I have only as security bonds of the road which were transferred to me some months previously,”—and I felt that if the road would not be taken up by anybody and that this cancellation of the charter should take place, my security would become worthless. I then told him I must take some measures to protect myself if he was going to England and leaving it. That was the origin of the matter. From that time forth I left the matter in Mr. Thom's hands, believing that he was more competent to deal with it than I was. In fact, he had taken all these pretty large transactions into his care, and during that negotiation, I never received any word from him, but I had Mr. Lonergan go down twice during

the negotiations and I also sent down Mr. Laflamme once, in order to satisfy me that matters were satisfactory. That is pretty near the origin of my taking hold of the matter and going into it in the first place.

Q. Did Mr. Lonergan and Mr. Laflamme meet Mr. Thom here?

A. Yes, they met Mr. Thom in Quebec. Mr. Lonergan, I don't know how many days he stayed here, but he was here on two occasions and stayed one or two days each time.

Q. Can you tell the dates?

A. I can't say, it was in April sometime. It must have been before the matter was entirely closed, which would be somewhere about the 14th or the 15th.

Q. Have you any further statement to make?

A. I know of nothing further except what I have said.

Q. That is all you know?

A. Up to the time I sent that telegram. I sent a telegram down that Mr. Thom was acting on behalf of certain gentlemen who were connected with me.

Q. To whom?

A. I telegraphed that telegram to the Hon. Mr. Garneau.

Q. Is the telegram in the Public Works Department, **Exhibit No. 124**, the one to which you refer?

A. Yes, Sir, that is the telegram in the following terms; "Mr. Thom is acting under my instructions from me and my associates J. P. Dawes, Alexander Ewing and James Williamson, who will all become directors on the 6th of May."

Q. Had you spoken to these gentlemen up to that time?

A. I had: I had discussed the matter during the interim.

Q. When you wrote this telegram had you any idea what the contract with the Government was?

A. I was aware that Mr. Armstrong's claim would have to be settled before we could get the franchise of the company.

Q. I am referring to the contract with the Government. Were you aware of its terms at the time you sent this telegram to Quebec, of the contract under which you are now working?

A. I was aware that it was to be transferred.

Q. Were you aware of the details as to the responsibilities you were assuming and the benefits you were to receive?

A. I was aware of it through my solicitor, Mr. Lonergan. I depended mostly upon him in the matter.

Q. Did you know Mr. Lonergan was going to the States?

A. Yes, Sir, I was with him when he started. He started from his bed to Florida; he had been seven weeks sick.

Q. When did you first become aware of the terms of this contract?

A. During the time the negotiation was going on, after I sent Mr. Lonergan down here and Mr. Laflamme went once.

Q. Had you any conversation with Mr. Armstrong with reference to the settlement of his claim?

A. In my office?

Q. I don't care where. Anywhere?

A. I might have had; I won't be sure.

Q. Can you not recollect that?

A. I couldn't recollect it as a fact.

Q. Did you arrive at the figures of \$175,000, or was it done through others

A. It was done through my representative.

Q. Were you aware of it?

A. I was aware of it.

Q. Concurred in it?

A. I was aware that I was given to understand that it was the best possible thing have been done.

Q. Had you any correspondence with him?

A. I had no correspondence with him in relation thereto.

Q. Did you pay him any sum of money in connection with the contract?

A. Did I pay him any?

Q. Yes, Sir, apart from the \$175,000.

A. Not a dollar.

Q. At the time you concurred in paying \$175,000, were you aware that he had offered to take \$75,000?

A. No, Sir.

Q. Never heard of that?

A. I knew I had to give him \$175,000.

Q. Were you aware that he had offered to accept \$75,000 from the old company?

A. No, Sir.

Q. Mr. Thom never told you that?

A. I have no recollection of his bringing that before me. I don't remember.

Q. Are you acquainted with Mr. Pacaud?

A. I was introduced to him the day of the annual meeting, on the 6th of May.

Q. Where was he then?

A. I think he was at the hotel. I think I met him in the general entrance there,—the corridor.

Q. What was he doing there?

A. I don't know; I think I met him there.

Q. Had he any business with your company or meeting?

A. No, Sir, none whatever. I met him there, I think, or I may have met him in the afternoon.

Q. What was the purpose of your introduction?

A. Just as you might introduce any other gentleman who might be standing alongside of you?

Q. Did any business conversation take place?

A. No, Sir, nothing at all. We went up to the club.

Q. Had you any after negotiations with Mr. Pacaud?

A. How's that?

Q. After that interview with Mr. Pacaud?

A. None whatever.

Q. When did you first become aware that he was to receive \$100,000 or any other sum of money?

A. The first time I became aware of it was I think in June when Mr. Armstrong came into my office with a French paper and read me an article.

Q. Disclosing the fact?

A. Disclosing the fact. It appeared I think in a paper in Quebec here and he read it to me.

Q. Are you to be understood that up to that moment you were not aware that Mr. Pacaud had any connection with this business?

A. I knew that Mr. Armstrong had used him as his agent or representative here a year or two before that.

Q. I mean in reference to this business?

A. I knew that he was conferring with Mr. Pacaud.

Q. When did you first become aware of the fact?

A. That he was working with Armstrong?

Q. Yes, in this business here.

A. I suppose two years ago.

Q. In connection with the new syndicate?

A. I might have known it in April. I don't know specially. It is a thing I always took for granted that he had somebody to represent him down here. I didn't attach any importance to it.

Q. You can speak more precisely as to your knowledge with reference to Mr. Pacaud?

A. I could not. The reason I know nothing about it is that I had to get subsidies from Mr. Armstrong in other transactions of course.

Q. Is there anything further that you know in regard to Mr. Pacaud's connection with the business?

A. I think not, Your Honor.

Q. It has been stated by Mr. Macdonald that in response to a request of his to take a share in your contract you asked him for \$150,000. Do you concur in that statement?

A. He had an interview with me in my office. After he came from England he wanted to know what position I could give him in the company. I told him I couldn't give him any. He asked me why. I said my directorate is completed. If you had been here before when my other financial arrangements had not been made I could then entertain you." I said: "have you any proposition to make"? He said the only proposition he had to make was that I should give him a third interest in the scheme for taking the supervision. I made up my mind that the directors would not require me very long after that if I entered upon a transaction of that kind, so that I may have stated to him,—I dare say I did—\$150,000, but only for the purpose of drawing him out to see what he would give. I read in the paper that he made a statement that I wanted \$150,000, for the franchise of the company. He told me he had all his funds locked up in the Temiscouata road and had no money to put into it.

Q. We are limiting ourselves at this moment to the statement with reference to the \$150,000.

A. Well, I was quite prepared to receive a counter offer.

Q. What was the \$150,000 for

A. I suppose to deliver—what I understood it to be was the franchise of the company and turn over the whole thing.

Q. Did you make any statement to him as to his proposition being an agreeable one as you wanted a practical man to assist you?

A. It happened I didn't require a practical man. I told him I had no room for him.

(Question repeated).

A. I have no recollection of it.

Q. You didn't make any such statement?

A. No Sir, I never did. I have no remembrance of making any proposition to him all. I would have been very glad to have done it in the early part of the transaction if he had stayed here.

Q. Was it your purpose at that time if he had accepted your proposition of \$150,000 hand him over your bargain with the Government?

A. Not without the consent of the Government by any means,—except they thought he was better able to do it than we were.

Q. But so far as you were personally concerned?

A. So far as I was personally concerned, yes. I should have been very glad for a good deal less to have done it.

Q. We would like to see your contract with Hogan?

A. Yes Sir, I will have it brought down here on Tuesday.

Q. We will give you the opportunity to be heard against it.

A. My only objection is that it should be kept private as there are twenty more miles of the road to be laid out.

By Mr. Hall:—

Q. Do I understand you to say that when Mr. Thom was down here in March or April last going through these negotiations you had no correspondence with him?

A. None that I remember of.

Q. He didn't send you any copy of a proposal that he sent in to the Government?

A. I think that Mr. Lonergan brought that up with him as far as I can remember.

Q. Did Mr. Lonergan give it to you?

A. He may have.

Q. Have you got it now?

A. No, I suppose it is on record.

Q. Have you got the copy that Mr. Lonergan showed you?

A. No, I have not.

Q. Did Mr. Lonergan communicate anything to you in writing about the negotiation?

A. No, Sir.

Q. Did Mr. Laflamme?

A. No, Sir.

Q. Have you ever seen this claim of Mr. Armstrong's that was settled for \$175,000?

A. No.

Q. The company has not got a copy of it?

A. They must have had a copy of it.

Q. And you have never seen it?

A. I was told that Mr. Light had certified to it and Mr. LeDuc, and I considered them the best judges of the merits of that contract.

Q. Do you ever take occasion to look at Mr. Light's certificates?

A. I have not seen them.

Q. Have you not seen them?

A. I have not.

Q. When did Mr. Thom first tell you he had settled Mr. Armstrong's claim?

A. He did not settle it till the thing was closed.

Q. It was after Mr. Thom got back to Montreal?

A. He did not go back to Montreal. He remained down here.

Q. When the matter was closed and the letters of credit were issued, Mr. Thom went back to Montreal. That was about the first of May 1891?

A. He might have been back sometime after that. He was all around everywhere. He was in Toronto and in Quebec. I couldn't positively say.

Q. If you were going into this syndicate, such a large claim as \$175,000 would naturally be brought before you?

A. I depended upon Mr. Thom. He has been a very trustworthy man and very careful, and I considered he would be better fitted for the business than I would be and that he understood more legal points than I did.

Q. I think he does. What I want to know is this: when did Mr. Thom first tell you that he had settled with Mr. Armstrong for \$175,000?

A. I couldn't fix the date.

Q. Do you recollect the total amount of Mr. Armstrong's claim?

A. \$290,000.

Q. When did you hear that?

A. Armstrong showed that to me during the negotiations, \$280,000 or \$290,000,—I am not sure which.

Q. You said in your conversation that you had with John J. Macdonald that you were a little alarmed about the company,—afraid of the cancellation of their charter?

A. Yes, Sir.

Q. You were aware that legislation had been introduced giving the Government power to cancel the charter?

A. I wish I had known that before. I notice that that act is standing firm.

Q. Was it that act that you were afraid of when you made allusion a moment ago to the cancellation of the charter?

A. Yes Sir.

Q. So you were aware at the time that the Government had the power to cancel the charter when you had this conversation with John McDonald?

A. I was afraid the charter would be cancelled.

Q. On account of the legislation?

A. On account of the legislation because the road was lying for two years without a spade being put upon it. Naturally I would expect it to be cancelled.

Q. Do you recollect when you first received a copy of the Order in Council No. 357, passed on the 23rd of April, 1891, accepting Mr. Thom's offer?

A. It may have been laid before me on the 6th of May or it may have been placed before me a couple of days before that.

Q. You first saw it a couple of days before the annual meeting?

A. Yes Sir.

Q. Will you look at the Exhibit which has been produced in this investigation, No. 24, and state if you know whether that is in the handwriting of Mr. Lonergan, your solicitor, or not.

A. I couldn't say.

Q. Are you familiar with his hand-writing, having received some letters from
A. I have only had one or two of his letters. The fact is we see each other so

By Mr. Amyot :—

Q. You had full confidence in Mr. Thom ?

A. I had implicit confidence in him.

Q. The whole transaction as far as you are aware was a serious one to produce a large claim, and you seriously wanted to complete the road so that your claim should be finally paid

A. Yes, that was the principal object, and another was that I had spent two years more or less through the country and I had faith in the project as a good enterprise if it was properly managed. I believe the road could be built and trade development would be a profitable investment in the future.

Q. You thought it would not only be in the interest of yourself privately but in the public interest as well ?

A. I thought it would be a great source of pleasure to make the road a profitable one and it would be a very available place for summer tourists instead of going elsewhere down there.

Q. Your partners in the new company were seriously with you ?

A. Yes, Mr. Dawes and I are really very largely interested. We have been looking at the road studying the matter of how to carry it through.

Q. Mr. Dawes is in very good financial standing in Montreal ?

A. Well, yes, I think so.

Q. Did you approach any one of the ministers of the Government of Quebec in the matter at all ? Did you see any of them ?

A. Only once. I called on the Premier once before he sailed for England.

Q. Besides that circumstance which we all know about did you see any of the

A. Not till the matter was closed.

Q. Did you write to any of them ?

A. I sent them a telegram.

Q. Besides that conversation with the Premier and the telegram you did not see or see any of them ?

A. Oh, I put the matter in the hands of Mr. Thom.

Q. You know of no corrupt bargain ?

A. I know of no bargain.

Q. And you made of it an ordinary financial transaction ?

A. Exactly.

Q. Nothing else ?

A. Exactly.

Q. Would you kindly state, Mr. Cooper, when you saw the Hon. Mr. Mercier in Montreal before leaving for New York

A. He stated to me that he was very much pressed for time, and that he was for England the next morning.

Q. For Europe ?

A. Yes, Sir, and if I would make a formal application he would reply to it.

Q. Were you with some other party when you saw Mr. Mercier ?

A. I had the Hon. Mr. Laflamme and Mr. Thom with me.

Q. Who was the spokesman ?

A. Mr. Laflamme was the principal spokesman. He was the attorney for the old firm of Cooper, Fairman & Co., for some twelve or fourteen years, and of course I naturally employed him to take the matter up.

Q. And that is the only time you saw the Hon. Mr. Mercier about it ?

A. The only time I met him.

Q. Mr. Dawes is very seriously interested in the new partnership too ?

A. Yes Sir, he has a good substantial interest.

Q. And you have both of you paid large amounts for the road ?

A. We have the roads on joint account.

Q. Will you kindly tell us what value you now attach to the debentures issued by the company,—the bonds? I understand that if the road is not completed these debentures are not worth much.

A. I might say that I saw my contractor yesterday, and he informed me that the line was nominally completed.

Q. From miles 60 to 80 ?

A. With rails down on it. The delay is principally with the bridge. Unfortunately the Bridge Company are behind with the contract. When the 80 miles are completed the bonds will be worth more money 70 cts I understand had been offered for them once.

Q. At the time you formed the new company or how much were these bonds worth then ? Before you formed the new company, when the road was in the hands of the old company since two years when the works had been stopped how much were they worth ?

A. I would not value them at 20 cts.

Q. The more the road approaches its completion the more the bonds will be worth ?

A. Certainly.

By Mr. Hall :—

Q. You say that would be sometime in April last, before these negotiations commenced that they would be worth 20 cts on the dollar ?

A. No Sir, I said I would not give 20 cts. I did not think it was sufficient security for \$18,000.

Q. Did you ever see the contract between Mr. Armstrong and the company ?

A. What is that ?

Q. Did you ever see the contract between Mr. Armstrong and the company ?

A. No, my solicitor saw it. I don't consider that I have a right to give away any private arrangements that I have made in regard to my own business.

By Hon. Mr. Justice Davidson :—

Q. That principle may have some exceptions here. Perhaps you might state whether or no Mr. Dawes is financially interested outside of the ten shares of stock for which he qualified ?

A. Certainly.

And further deponent saith not.

Q. Up to how much ?

A. About four thousand dollars, I suppose.

By Mr. Casgrain :—

Q. I see that this deposit was made by a cheque ?

A. Yes, Sir.

Q. A cheque drawn on the Jacques Cartier Bank, at Montreal ?

A. Yes, Sir, a cheque drawn on the Jacques Cartier Bank Montreal.

Q. Can you describe the cheque ?

A. No, Sir.

Q. Not at all ?

A. Not at all.

Q. Was it you who received the deposit ?

A. No.

Q. What is the name of the clerk who received the deposit ?

A. It was the teller Mr. Cote, who is here.

And further the deponent saith not.

ALEXANDRE CLEMENT, of the city of Quebec private secretary to the Honourable Mr. Mercier being duly sworn upon the Holy Evangelists, doth depose and say :

(This witness is examined upon the special application of Mr. Béique.)

By Mr. Béique :—

Q. You were in the month of March last, the Honourable Mr. Mercier's private secretary ?

A. Yes, Sir.

Q. And you are still such ?

A. I am such still.

Q. Will you take communication of the deposit slip produced as **Exhibit No. 137**, and state who prepared that deposit slip ?

A. It was, I who prepared that deposit slip.

Q. It is in your writing ?

A. It is in my writing.

Q. Are your initials there ?

A. Those are my initials A. C., A. Clement.

Q. When did you make that deposit slip ?

A. The deposit slip was made on the tenth of March, in the forenoon of the day upon which Mr. Mercier left Quebec for Montreal.

Q. Will you state what commercial paper you deposited in the Caisse d'Economie with that deposit slip ?

A. It was a cheque of Mr. Merciers on his private account in the Jacques-Cartier Bank at Montreal.

Q. Have you the cheque ? The Honourable Mr. Mercier's cheque book ?

A. I have the cheque book.

Q. Will you exhibit the stub which belongs to that cheque.

A. This is the stub.

Q. Will you read the entry there ?

A. This is how it reads: "No. 44, 10 March 91, Caisse d'Economie Deposit to ca., deficiency \$4,000."

Q. Who wrote that cheque stub?

A. It was I.

Q. At what time?

A. On the tenth of March.

Q. Was it you who prepared that cheque?

A. It was I we prepared the cheque.

Q. You wrote the stub at the same time as you prepared the cheque.

A. I wrote the stub at the same time that I wrote the cheque.

Q. Now, will you state whether there was any correspondence between you and the Caisse d'Economie respecting that deposit, and if so you please produce that correspondence including the telegrams?

A. Having reached Montreal the next morning, I received the following letter from Mr. Marcoux, the secretary treasurer of the Caisse d'Economie:—

QUEBEC, 10th March, 1891.

(Private)

MR. CLEMENT,

Sect'y of the Hon. Mr. Mercier,

Montreal.

Sir,

In the beginning of last week, at your request, and with the consent of the President of the Caisse d'Economie, I informed you that as the Honourable Mr. Mercier was going away for some days, we would accept as overdraft on his account, his cheques to the sum three thousand dollars, such overdraft to be paid on the Hon. Mr. Mercier's return, that is the end of the week. Including the cheques, lately paid, the overdraft is near \$3,632.70. I would be obliged to you if you would see that a deposit is made to cover that overdraft. The president and I took it upon ourselves to allow the overdraft for a few days, so as to accommodate Mr. Mercier, although the regulations of the Caisse d'Economie do not permit such thing. I tried to telephone to you this morning, but I could not reach you, and I have been requested to write. Before closing, allow me to express to you my best wishes for the success of your voyage.

And believe me

Yours very respectfully

(Signed) L. C. MARCOUX.

Sect. Tre

I produce a copy of that letter as **Exhibit No. 138**. I could not find the original. This is a copy I got from the Caisse d'Economie. As I had given the deposit, to the messenger on the tenth in the forenoon, I was much surprised and I replied as follows:

MONTREAL, 11th March 1891.

MR. MARCOUX,

Caisse d'Economie,

Quebec.

The deposit should have been made yesterday, or will be to-day.

(Signed) ALEX. CLEMENT.

I produce this copy which I found among the papers of the Caisse d'Economie as I had not kept a copy of the despatch. This copy is marked **Exhibit No. 139.**

Two days afterwards at New York I received the following letter from Mr. Marcoux

QUEBEC, 11th March 1891.

Private)

MR. ALEX CLÉMENT,
Sect'y of Hon. Mr. Mercier,
MONTREAL

UR,

I received your telegram this morning, "Deposit should have been made yesterday or will be to day." In fact a deposit was made this morning of \$4,000 to the credit of Hon. Mr. Mercier, but as we have paid six new cheques making \$969.54 Mr. Mercier's account is now overdrawn to the extent of \$602.54. I mention the thing for your information, for if as in the past, the cheques for Mr. Mercier's salary are to be deposited in the Caisse d'Economie during his absence, it will not be necessary to make a new deposit as these cheques will pay the overdraft.

Yours truly

L. C. MARCOUX,

Secretary-Treasury.

I did not answer that letter. I produce that letter as **Exhibit No. 140.**

And further the deponent saith not.

The deposition of the witness Alexandre Clement being closed Mr. Béique made the following application to the Commission.

Mr. Beique :—

Doctor Vallée has just handed me a certificate which reads as follows :

" I the undersigned hereby certify that the Honourable Mr. Robidoux has been under medical care for about three weeks and that he is now in such a state of health as to prevent him from coming to give evidence before the court.

A. VALLÉE, M. D.

Quebec 30th October 1891.

I therefore ask whether Your Honours would have the kindness to examine the Honourable Mr. Robidoux at his residence. Mr. Hall and Mr. Casgrain might I suppose accompany us.

Mr. Hall suggests that the same case applies to Mr. Light.

M. Béique :—

Mr. Robidoux would be prepared to be examined this evening if Your Honours would permit that suitable.

Hon. Mr. Justice Jetté :—

It would be better to come to an understanding with counsel for the beginning of next week.

Mr. Bédique :—

I stated yesterday that I would mention to day, who are the witnesses whom we wish to have brought before the Commission. I mentioned Mr. Beausoleil; I mention also Mr. Desmarais respecting an incident, the Macdonald incident, the conversation which he had in the Speaker's room with Mr. Mercier, Mr. Leduc, the engineer on the works, Mr. Drolet. I wish that Mr. Drolet should also be heard and naturally all the ministers who have not as yet been heard, and Mr. L. J. Cannon, the deputy Attorney-General.

Hon. Mr. Justice Jetté :—

The reply to a dispatch which I sent to Mr. Armstrong, informs me that Mr. Leduc should be in Quebec now, you might ascertain if he is.

Mr. Bédique :—

He is here.

Hon. Mr. Justice Jetté :—

Because Mr. Armstrong told me, that he was about leaving for the Gaspé region.

Mr. Bédique :—

He is here Your Honour.

Hon. Mr. Justice Jetté :—

Mr. Leduc should not be examined until after the examination of Mr. Light?

Mr. Amyot :—

I ask the Commission that certain persons whose names have been mentioned during the enquiry be allowed to give evidence before the Commission to explain certain persons and facts.

It being four o'clock in the afternoon, the Commission adjourned until the 3 day of October instant.

J. BÉLANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners, to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

16th SITTING.

The thirty-first day of October, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
" " " " LOUIS-FRANÇOIS-GEORGES BABY,
" " " " CHARLES-PEERS DAVIDSON.

Commissioners.

ORDER.

Upon the application of J. S. Hall, Esq., Q. C., and T. C. Casgrain, Esq., Q. C. of date the 28th of October for the production of papers :

It is ordered :

That subpoenas will be issued to the Companies or persons who may be designated for the production :

1. Of all cables and telegrams to the Hon. Mr. Mercier signed by Hons. Messrs. Garneau, Charles Langelier, Ernest Pacaud or J. A. Mercier or any of them, and cables signed by Hon. Mr. Mercier to any of these gentlemen during April, May and June, 1891.

Also of all telegrams exchanged between Angus M. Thom, Ernest Pacaud and Charles N. Armstrong during the month of March, April and May, 1891. (Upon the production of these messages, the Commission will determine which are to be communicated to Counsel and fyled of record as relative to the enquiry.)

2. All statements with vouchers or papers showing how and through whom the bank received, deposited and collected cheques of the Hon. H. Mercier, on La Caisse d'Economie, one dated 2nd of March, 1891, for \$5,000 to the order of and endorsed E. Pacaud, and the other dated 10th of March, 1891, for \$3,500, payable to bearer and endorsed E. Pacaud.

3. Of all deposit slips of amounts mentioned by Ernest Pacaud as possibly representing his deposits of the proceeds of the said \$5,000, and \$3,500, cheques.

4. Of all deposit slips representing transfers or amounts from one account to another to the credit of Ernest Pacaud.

5. Of the account of Ernest Pacaud in the Merchants Bank of Canada, between the 10th of July, 1891, and the 28th of September, 1891, with cheques and deposit slips in connection therewith.

6. Further orders for the production of papers covered by paragraphs 1, 2 and 3 will be granted on further cause being shewn.

Quebec, 31st October, 1891.

CLEOPHAS BEAUSOLEIL, of Montreal, advocate and member of the House of Commons, aged forty-six years, being duly sworn upon the Holy Evangelists, doth depose and say :

(Witness is examined upon the special application of Mr. Béique.)

Q. Mr. Beausoleil, will you take communication of the two drafts produced as **Exhibits 87-7** and **87-10** and state whether these drafts were drawn by you on Mr. Pacaud and for what purpose?

A. The two drafts **Exhibits 87-7** and **87-10** are two drafts which I drew on the twenty eighth of April, eighteen hundred and ninety-one (1891) on Mr. Ernest Pacaud, in consequence of arrangements made in July, eighteen hundred and ninety, between Mr. Legris, defeated candidate in the election for the county of Maskinongé in the month of June, 1890, the Honourable Mr. Mercier and myself. Mr. Legris, having been defeated came to render an account in Montreal, at the Government offices, to the Honourable Mr. Mercier, of the reasons for his defeat, and he alleged that there had been corrupt practices more than sufficient not only to annul the election but also to disqualify the candidate elected, Mr. Lessard.

Mr. Mercier sent for me and it was agreed that if Mr. Legris brought affidavits in support of what he stated, that contestation would be undertaken and, Mr. Mercier personally would take the responsibility of the matter.

Some days after Mr. Legris returned with the proof that Mr. Mercier had asked for. I was again sent for to the Government offices, and it was then decided that the election would be contested.

Mr. Mercier signed a promissory note for eleven hundred dollars (\$1,100) to make the deposit and the first disbursements, which note I endorsed and had discounted at the Jacques Cartier Bank.

In the month of September, eighteen hundred and ninety, I drew a draft on the Hon. Mr. Mercier personally for the sum of two hundred and fifty dollars (\$250), payable in thirty days, which draft Mr. Mercier accepted and paid. On the twelfth of March, on the eve of his leaving for New York, I had an interview with Mr. Mercier,—I have been his partner for eleven years,—I had an interview with him respecting office matters, and I spoke to him about the disbursements to be made in the Maskinongé contestation. The Honourable Mr. Mercier told me : " I left money with Mr. Pacaud and you will draw on him if you want money."

On the twenty-eighth of April the proof having been made or nearly made, having to pay witnesses, stenographers and other disbursements which amounted to a very large sum, I drew two drafts on Mr. Pacaud, informing him that I was authorized by Mr. Mercier to do so ; the two drafts were dated the twenty-eighth of April, at ten and thirty days ; they were accepted and paid.

I may add that since Mr. Mercier's return I drew again on him to pay the costs of printing the proof in the contestation of the Maskinongé election.

By Mr. Casgrain :—

Mr. Beausoleil, I believe that you were at Quebec when the negotiations respecting the Baie des Chaleurs Railway were being made with the Government ?

A. I came to Quebec in the month of April last, but I had no knowledge, connection or part whatever either with the Government, Mr. Armstrong, Mr. Thom, or any other person respecting that matter.

Q. You did not know that it was going on ?

A. I did not know, and I never knew before the Senate enquiry the nature or the character of the negotiations, nor what had been the result.

Q. You did not know at the time what was going on ?

A. I believe I learned at Montreal, probably from Mr. Thom, that he was negotiating to get the Baie des Chaleurs Railway, but he did not ask my assistance, nor advice, nor did he communicate to me what he intended to do, nor what he had done.

Q. Was that before he came to Quebec or afterwards ?

A. I think it was before.

Q. You were here on the twenty-third of April ?

A. I know that I came here during the month of April, but if you will allow me to go to the hotel I will ascertain what day I was here, I will return and tell you at once.

Q. You do not remember whether it was towards the middle of April ?

A. I believe that I came here before the session, which commenced on the twenty-ninth of April ; but that had nothing to do with that matter, the first word of which I was ignorant as I was always ignorant of it until the Senate enquiry.

By Hon. Mr. Justice Davidson :—

Q. Have you the letter which you wrote to Mr. Pacaud ?

A. No, I asked Mr. Pacaud to look for it ; he did look for it, at least he told me so, and he could not find it.

By Mr. Bêique :—

Q. You did not keep a copy of the letter ?

A. No.

And further deponent saith not.

JEAN CHRYSOSTOME LANGELIER, of the City of Quebec, Deputy-Provincial Registrar, aged forty-five years, being duly sworn upon the Holy Evangelists, doth depose and say :—

By Hon Mr. Justice Baby :—

Q. You are Deputy-Provincial Registrar, are you not ?

A. Yes, Your Honour.

Q. And your office depends from that of the Provincial Secretary, does it not ?

A. Yes, I am one of the deputies of the Provincial Secretary.

Q. It is the Honourable Charles Langelier, who is now in office ?

A. Yes, Your Honour.

Q. You were, if I mistake not, appointed to settle certain claims made respecting the construction of the Baie des Chaleurs Railway ?

A. Yes, Your Honour, on three different occasions, including the last.

Q. The first time, it was, if I mistake not, in eighteen hundred and ninety (1890) ?

A. In the autumn of eighteen hundred and eighty-nine (1889), Your Honour, in the month of November, eighteen hundred and eighty-nine (1889). In the month of November, eighteen hundred and eighty-nine (1889), it was to pay the workmen on the first sixty miles, that is, on the sections that were completed or in course of construction under Mr. MacFarlane ; in eighteen hundred and ninety (1890) it was to pay the claims of Mr. Armstrong's workmen on section K ; and this time it was to pay everything that was due upon the whole road.

Q. Did you make any reports on the matter ?

A. Yes.

Q. Are these reports in your hands ?

A. They were produced to the Department of Public Works. I am not sure if there were two series of receipts. I took the receipts in duplicate. I do not know whether for the notes made in April, eighteen hundred and ninety (1890), I forwarded the two duplicate receipts or only one ; but, in any case, there were reports establishing what was paid, with the receipts, vouchers and the whole complete.

Q. The first report was not printed, there is only the second ; that is the report you made in eighteen hundred and ninety (1890), this one here ?

A. (The witness takes communication of the report.) Yes, it must be that Your Honour.

Q. In connection with the settlement of the claims made for section K ?

A. Yes, Your Honour.

Q. It was by Order in Council that you were named commissioner ?

A. Yes, there was a special Order in Council on each occasion.

Q. Now in eighteen hundred and ninety-one (1891), were you again named commissioner ?

A. Yes, Your Honour.

Q. When, if you please ?

A. I could not say, it was about the twenty-third of April, I believe ; the date of the Order in Council appointing me is the same as the date of the Order in Council accepting Mr. Thom's proposals.

Q. The twenty-third of April, eighteen hundred and ninety-one (1891) ?

A. The twenty-third of April, eighteen hundred and ninety-one (1891).

Q. Take communication of Exhibits 1 and 2, and state whether that is the Order in Council ?

A. Yes, Your Honour, it was in virtue of that Order in Council No. 238 that I was named in conformity with Order in Council No. 237.

Q. Have you the Order in Council No. 237 there also ?

A. Yes.

Q. The Order in Council No. 237 was in connection with...

A. My appointment was by the Order in Council No. 238, and it was to act in conformity with Order in Council No. 237.

Q. When was that Order in Council No. 238 passed ? on the twenty-third of April, was it not ?

A. Yes, Your Honour.

Q. Before that date, Sir, had you met Mr. Thom and Mr. Armstrong ?

A. Yes, Your Honour.

Q. You had met them ?

A. I believe it was on the fifteenth of April that Mr. Thom came to my office; he was introduced to me as far as I can remember, by Mr. Pacaud ; I am not sure whether Mr. Armstrong was with him, but I know that the same day Mr. Armstrong came sometime afterwards to my office ; Mr. Pacaud introduced Mr. Thom to me who wished to get information respecting the nature of the claims remaining against the contractors or the company, the privileged claims. I then placed Mr. Thom in possession of these facts. He asked me for a great deal of other information about the road, what kind of country it was, the condition of the works, and so on.

Q. You live, if I mistake not, in the Gaspé region during the summer season ?

A. Yes, Your Honour, for the past seven or eight years I pass the summer at the Baie des Chaleurs.

Q. And you gave Mr. Thom all the information you had ?

A. Yes, Your Honour, all the information upon the nature of these debts, and I also told him that I was convinced that there were a great many other claims which would present themselves as soon as the payments commenced to be made, and that was the experience I had ; that the people neglected to make their claims, but as soon as the money came, they came in crowds saying that they had not been told, that they had been unable to present their claims for one reason or another. I gave him thoroughly to understand that the list of claims that I had in hand or which was in the hands of the Government did not contain all the claims, but that there might be many others which had not been forwarded. He asked me for a great deal of information ; what kind of road it was, what kind of works, if the works were well done and so on.

Q. You know Mr. Armstrong who has been so often mentioned ?

A. Yes, it was the second time that I had seen him when he came to my office.

Q. Was there in your office or in your hands a claim, coming from Mr. Armstrong ?

A. No.

Q. There was none ?

A. None at all.

Q. So that you did not speak to him about any claim made by Mr. Armstrong ?

A. No, Your Honour.

Q. Did they come often between that date and the twenty-eighth of April ?

A. Yes.

Q. They often went to your office ?

A. Yes. Mr. Thom came very often, he came to my office to write nearly every day ; he came to my office very often ; he came not only to write or for anything else, but also during several days to submit to me certain estimates that he had made of the cost of the road, of the forty miles that there remained to make.

A. No, not at all.

Q. Who are the persons whom you saw in your office on the twenty-eighth?

A. On the twenty-eighth, it was Mr. Thom and Mr. Armstrong. Mr. Thom came in the morning, as far as I can remember; the previous day or the day before that Mr. Armstrong had handed me his claim for one hundred and seventy-five thousand dollars (\$175,000).

Q. The previous day or the day before that?

A. The previous day or the day before that; I know it was a couple of days before.

Q. Was that the first time that you saw that claim?

A. Certainly.

Q. Was it the first time you had heard of it?

A. The first time I heard of it.

By Mr. Hall :

Q. What date?

A. I believe that it was the day before or two days before, perhaps even before that. I have some notes here upon that. (The witness consults his notes). It was on the twenty-third of April, after the passing of the Order in Council, that Mr. Armstrong handed me his claim, and, immediately in the afternoon I wrote to Mr. Thom forwarding that claim to him, and asking what was to be done about it. That letter was sent to Mr. Thom, and next day, about 10 o'clock, Mr. Thom forwarded me the letter, telling me that he approved that claim only to the sum of one hundred and seventy-five thousand dollars. It was on the twenty-fourth of April that Mr. Thom sent me that letter.

By Hon. Mr. Justice Baby :—

Q. No official information had been given you from the Department of Public Works?

A. No; it was I, Your Honour...if the Commission will allow me, it was I, I believe, who gave the first information of that claim to the department, after receiving it. I had not then any instructions to guide me as to the nature of the claims which I would have to settle; then, after receiving Mr. Thom's letter and Mr. Armstrong's claim, I went down to the Department of Public Works in the morning. There I met the Honourable Mr. Garneau and Mr. Lesage; I presented that claim, which seemed to surprise both Mr. Lesage and Mr. Garneau. Then, these gentlemen discussed what was to be done about it. The question was whether it was payable and if it was due. Mr. Garneau spoke to Mr. Lesage about it, and finally Mr. Lesage said: "Well, it is certified by the chief officer of the company; we have no control, they are the only persons who can ascertain whether it is or is not due."

Then, the matter remained there. Afterwards, I went several times to the department, and I was told that the department had concluded to pay that claim as it was payable.

Q. How many days before the twenty-eighth did this occur?

A. I believe that it must have been the twenty-fifth or the twenty-sixth, as I received that letter from Mr. Thom on the twenty-fourth, in the morning,—on reaching my office, as far as I can remember, his answer was there,—and at once I went down to the Honourable Mr. Garneau's office; so that it was the twenty-fourth or the twenty-fifth.

Q. And there you conferred with Mr. Garneau and Mr. Lesage?

A. Certainly, Your Honour.

Q. Mr. Lesage is the Assistant-Commissioner of Public Works?

A. Yes, Your Honour.

Q. Mr. Garneau's Deputy?

A. Mr. Garneau's Deputy.

Q. What happened between that date and the twenty-eighth?

A. I do not know what occurred; I was told that it was to be paid. Of course not in my office...

Q. You did not know how the payment was to be made?

A. In another interview,—I do not positively remember, but I know it was in Garneau's office,—I was told that it would be paid by means of advances which would be made by the Union Bank.

Q. Very naturally the business belonged to the Department of Public Works?

A. Doubtless.

Q. Rather than to your department, as Registrar?

A. I had nothing to do with that business, except in so far as I was employed in the Department of Public Works.

Q. By the fact of your appointment as special officer?

A. By the fact of my appointment as special officer. To guide me, I wished to have instructions from the Department of Public Works; I had as yet not received instructions, but I had no reason to accept any responsibility. I went down with the claim and I submitted it to the department, so as to have its decision.

Q. When did you learn that that claim was to be paid by means of a letter of credit accepted by the Union Bank?

A. It was during the last days, the day previous to the day on which it was paid, or the day before that.

Q. The twenty-eighth?

A. Yes, but in any case I was under the impression that it was the Union Bank which would pay the whole; from what I had heard.

Q. Which would pay the one hundred and seventy-five thousand dollars (\$175,000)?

A. Yes.

Q. How much did the Order in Council place at your disposal?

A. It placed nothing; it was to pay all the privileged claims.

Q. Under the agreement?

A. Exactly.

Q. How much did they come to?

A. Two hundred and eighty thousand dollars (\$280,000.)

Q. When were you informed, Mr. Langelier, that that letter of credit or the letter of credit had been issued?

A. I believe that it was the previous day or the very day, in a positive manner. I had been previously told that it would be probably necessary...

Q. Who told you?

A. It was in the department; we were talking about that.

Q. Was an official letter sent to you, an official document telling you that the letter of credit was issued?

A. No.

Q. Can you remember who gave you that information?

A. It had been spoken of between Mr. Lesage, who was present, and Mr. Machin and Mr. Garneau; Mr. Machin and Mr. Garneau naturally occupied themselves with the question of finances.

Q. In your presence?

A. In my presence.

Q. Had you gone there yourself or had you been sent for?

A. I went down a couple of times about that claim, and it was while I was there in the course of conversation that it came up; in one of these interviews there had been some question of the conversion between Mr. Machin and Mr. Garneau who were there.

Q. Now, about what hour was that? It was in the afternoon of the twenty-eighth?

A. In the forenoon.

Q. Had you definite knowledge of the letters of credit on the twenty-eighth?

A. Yes, in the evening, about five o'clock, I believe, between five and six o'clock.

Q. When did you learn, for the first time, that you were to be named commissioner for the payment of those claims?

A. By the Order in Council; it was Mr. Grenier who told me.

Q. Mr. Grenier told you that an Order in Council had been passed respecting it?

A. Yes.

Q. To return to the question before the last which I put to you, that is when you were definitely told that the sum of one hundred and seventy-five thousand dollars (\$175,000) was to be placed at your disposal; well, who told you that?

A. It was at the Department of Public Works, in Mr. Garneau's office, while conversing, we were talking about that matter, that claim; I had Mr. Armstrong every day asking me if I was going to pay him; I told him: "As soon as they have placed the money at my disposal and have given me instructions to pay, I will pay." Then, whilst talking like that, in the course of conversation with Mr. Lesage, Mr. Garneau—and Mr. Machin came a couple of times also—I came to ascertain that it was that that I was finally told. As far as I can remember, there was in question only one letter of credit on the Union Bank for the whole amount.

Q. Well, now, Sir, was that letter placed in your hands on the twenty-eighth?

A. No, Your Honour, I never saw it, except at the two banks where they were discounted.

Q. You did not see them accepted at the banks?

A. Yes.

Q. What did you do on the twenty-eighth?

A. On the twenty-eighth I went to my office, Your Honour, about those payments. Mr. [unclear] was one of those who had told me that they were to be paid by letters of credit. About five o'clock, between five and six o'clock, Mr. Armstrong came to ask me if I would go down to the Banque Nationale, that it appeared finally, that it was understood the Government had agreed with the Banque Nationale to obtain seventy-five thousand dollars (\$75,000) to pay a part of that claim. I left the buildings with Mr. Armstrong and we met Mr.

A. Yes.

Q. Did you sign some cheques before leaving?

A. None at all, Your Honour.

Q. None at all?

A. No.

Q. Once you reached the Banque Nationale, the cheques were prepared?

A. Yes. First, Mr. Lafrance, the cashier of the bank, informed me that he discounted a letter of credit, as he called it, for the Government. Then, Mr. Thom Armstrong asked me to make out cheques for such and such sums. Then, there was a discussion as to certain sums, and, as I had nothing to do with that, I went into Mr. M's office; they settled their business, and I returned.

Q. How many cheques did you give?

A. I saw to it, that I did not exceed the amount, but I did not count the cheques. There were three or four, I suppose, I believe.

Q. You gave, I believe, a cheque for \$31,750?

A. Yes.

Q. You gave another for \$24,000?

A. I believe so.

Q. The third for \$16,000?

A. \$16,000, yes.

Q. Are these the only three cheques you gave that day?

A. As far as I can remember, yes. These are the three exhibits numbers 58a. They were made in the office of the Banque Nationale the evening of the 1st and signed there.

Q. That did not make a total of \$75,000.

A. No.

Q. A balance remained?

A. There remained a balance.

Q. Why did you not give Mr. Armstrong the full amount?

A. If I understand correctly, there was some understanding, some agreement between him and Mr. Thom, and by common consent Mr. Thom and Mr. Armstrong asked me the next day, and Mr. Lafrance also, that they would complete the settlement the next day. There was some discussion about interest and the way in which the balance was placed at Mr. Thom's disposal with Mr. Armstrong's consent. That is the reason.

Q. You returned next day?

A. Yes.

Q. And you gave him another cheque?

A. Yes, Your Honour.

Q. For how much?

A. I think it was \$114 or \$111.64. There was a small sum for Mr. Armstrong. The cheque is produced as Exhibit No. 58d. I may add that they settled this whole matter between Mr. Thom, Mr. Armstrong and Mr. Lafrance. They even made the cheques and signed them when they all three had agreed.

Q. The fourth cheque, it was you who gave it?

A. Yes.

A. There still remained a large balance in your hands?

A. There remained, I believe, \$2,250. I had a statement. That balance was kept by Mr. Lafrance upon the pretext of covering the interest in case that letter of credit should not be paid on the 10th of July. He said: "It may happen that the Government will delay, it will be necessary to run after them, we would sooner have them running after us."

Q. Did that sum remain a long time in Mr. Lafrance's hands?

A. Yes, I believe that it remained until the month of July.

Q. After the letters of credit became due?

A. Yes. I am not positive, but it was understood between Mr. Armstrong and Mr. Thom that the amount should be paid to Mr. Thom.

Q. Was that amount paid to Mr. Thom by your cheque?

A. I paid that amount to Mr. James Cooper, on a letter from Mr. Thom asking me to pay these \$2,250 to Mr. Cooper. (The cheque for \$2,250 is shown to the witness.) It is just so that was to complete the entire payment of the balance of the \$75,000, less the discount kept by the bank.

Q. You had nothing to do with the rate of interest?

A. No.

Q. For the \$100,000, if I understood you correctly, you state that you did not sign anything, no draft or cheque before leaving your office?

A. Certainly, Your Honour.

Q. Respecting the \$100,000, when did you sign the cheques?

A. On the 29th April.

Q. The next day?

A. Yes.

Q. About what hour?

A. It was about 11 o'clock, between 11 and 12 o'clock.

Q. Where did you sign these cheques?

A. In Mr. Pacaud's office, in the office of the *Electeur*.

Q. Under what circumstances did you go to Mr. Pacaud's office?

A. At Mr. Armstrong's request.

Q. Did you meet Mr. Armstrong, or did Mr. Armstrong go to your office for you?

A. Mr. Armstrong, the next morning.....it was understood the day before, the 28th in the evening, that after signing the first three cheques, we were to go down to the Banque Nationale the next day, to complete the matter at the Banque Nationale, as also I did. The next morning, about 10 o'clock, Mr. Thom and Mr. Armstrong came for me to my office. My son was there and they asked him to go down with us. We went down in a vehicle to the office of the Banque Nationale, and I made that cheque for \$111.64 to complete that balance. After settling that, Mr. Armstrong went out and went into St. Peter street; he was a good while. During that time I waited at the door of the Banque Nationale, near the vehicle of cabman Demers who was driving us. He was a pretty long time, and I remember—it is perhaps a trivial detail—but there was a man there with a bird-organ who was telling fortunes. While waiting for Mr. Armstrong we got our fortunes told. Finally, Mr. Thom went away, stating that he wanted to leave by the 1.30 p.m. train. After sometime Mr. Armstrong returned and he asked me to go to Mr. Pacaud's office, that he wanted to see me there, and he asked me to make out his cheques for him.

Q. Pacaud's office is in the Lower Town?

QUEBEC, 23rd April 1891.

THE HON. P. GARNEAU,
Treasurer ad interim
and Commissioner of Public Works.

SIR,

According to his letter of the 17th instant and to the Order-in-Council No. 237, dated the 23rd, Mr. Angus Thom has handed me :

1st. A certificate establishing that he and his associates are holders of the majority of the shares of the Baie des Chaleurs Railway Company, that is to say that they have the transfer of the charter and are about reorganizing the board of directors, as they bound themselves to do in their letter.

2nd. Over \$500,000 of debentures of the Company as a guarantee of the execution of their obligations as stipulated in the letter and Order-in-Council above mentioned.

I forward all these documents to you, Sir, so that they may be deposited as you may think proper, and that you may give a receipt therefor to Mr. Thom.

Now, Mr. Thom represents to me that it is absolutely necessary that the payment of the debts of the company should be immediately commenced out of the \$28,000 mentioned in the Order-in-Council so as to allow of his getting everything straight, as soon as possible and of his organizing the work necessary to finish the road as far as Paspébiac. I am ready to commence making these payments at once in conformity with the Order-in-Council entrusting me with that duty under such instructions as you may be pleased to give me. If you decide to proceed at once be good enough to cause the required funds to be placed at my disposal. No time should be lost, seeing that the Order-in-Council requires that the uncontested claims should all be paid not later than the tenth of May.

I have the honour to be,

Sir,

Your very humble servant,

J. C. LANGEЛИER,

Commissioner."

Q. The letter which you have just read is the letter you sent to Mr. Garneau ?

A. Yes.

Q. Dated the..... ?

A. The twenty-third of April, as mentioned in it. It is already produced as **Exhibit No. 16** by the Honourable Mr. Garneau.

Q. On the twenty-fourth you sent a letter to Mr. Garneau, informing him that the **aims** produced before you by the company amounted to \$57,000, and something ?

A. Yes.

Q. Have you that letter ?

A. No, Your Honour, it should be...Here is a copy of it, it has already been produced the Honourable Mr. Garneau as **Exhibit No. 19**, and it reads as follows :

when you will be in a position to give me detailed statements, with documents in support thereof, of the privileged claims, whether contested or not, payment of which you will be prepared to make in conformity with said Order-in-Council No. 237, and of the Act therein mentioned, 54 Vict., chap. 88, sec. 1, par. J., I shall place at your disposal, as you shall want them, the amounts required to pay the privileged claims approved of, or for which a judgment or the award of the arbitrators shall have been given, and this by means of requisitions to be made by the undersigned to the Honourable the Provincial Treasurer on the subsidy of 800,000 acres of land converted into money, which subsidy was granted by the statute (paragraph J.) to aid the completion and equipment of the said railway for a distance of 80 miles, as determined in the same statute, on condition that you furnish me, on demand, with a detailed statement, special or general, of the sum which you shall have paid out of the funds so placed at your disposal, with a general report supported by receipts and vouchers, on the result of your operations; the whole according to the prescriptions and conditions set forth in the Order-in-Council No. 237 and said Act, 54 Vict., chap. 88, sec. 1, par. J. The expenses occasioned by such verification and such privileged claims approved or adjudged to be due shall be taken out of the said subsidy converted into money and paid to you on presentation of your account in detail.

"I remain, Sir,

"Yours, etc.,

"P. GARNEAU.

"Commissioner."

Mr. Casgrain :—

I would draw the attention of the Commission to the fact that there are several differences between the copy read by the witness and the letter printed in the official correspondence between His Honour the Lieutenant Governor and Mr. Mercier, Prime Minister.

By Mr. Bétique :—

Q. Where is the original?

A. I should have it. It is a letter addressed to me by Mr. Garneau. In the department they always keep the copy, but the original I must have, among my letters.

By Hon. Mr. Justice Baby :—

Q. Take note of that?

A. Yes, Your Honour, I will produce the original of that letter as **Exhibit No. 143**.

Q. That is the same day that you replied that the claims amounted to \$57,000 and some hundred dollars?

A. Yes.

Q. Take communication of this letter which Mr. Thom produced as **Exhibit No. 135**.

A. Yes.

Q. You received that letter?

A. Yes. That is not the original, it is a copy. Mr. Thom referred to that letter yesterday in his evidence, and I must at once declare that Mr. Thom is altogether wrong. Mr. Thom's letter was written outside my office. I neither composed it nor dictated it, it was sent to me in the morning about ten or eleven o'clock and it never originated in my office.

24th April 1891.

THE HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Sir,

I have the honour to forward you the list of claims produced before the Government but not paid against the Baie des Chaleurs Railway amounting to \$57,073.54 that is to say :

Against the first 60 miles.....	38,679 65
Against the section K.....	18,393 89
	<hr/>
	\$57,073 54

There are probably other claims which will be produced when we commence the payments.

I have the honour to be,

Sir,

Your obedient servant

(Signed)

J. C. LANGEЛИER.

Q. Had Mr. Garneau, some days, previously, or on the same day, the twenty-fourth, addressed you a letter giving instructions to you, as commissioner, to proceed to the payment of the privileged claims ?

A. It may be so, I believe so. Before giving me that letter, in any case, I know that Mr. Garneau told me, that is to say, the department asked me to produce a list of the claims. I think so, Your Honour, but, in any case, I believe that the first letter or the letter of instructions to proceed in that way, was the letter from Mr. Moreau enclosing me the cheque for \$1,500.

Q. This is the letter is it not ? It is a letter addressed to you by the Honourable Mr. Garneau ?

A. Yes. It reads as follows :

DEPARTMENT OF PUBLIC WORKS,

L. E. 1356.

L. R. No. 638.

QUEBEC, 24th April, 1891.

J. C. LANGEЛИER, Esq.,

Deputy Provincial Registrar,

Quebec.

Sir,

As you have been appointed a special commissioner by Order-in-Council No. 238, of date the 23rd instant, to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the Order-in-Council No. 237, passed on the 23rd instant, I think it proper to authorize you to at once examine and verify those outstanding claims and to decide which shall be considered as privileged debts legitimately due by the company or by the contractors or sub-contractors of the Baie des Chaleurs Railway, or of the sections of this road between the 20th and 70th miles beyond the little River Cascapedia in the direction of Paspébiac, according to the prescriptions and conditions mentioned in the said Order-in-Council No. 237. And

when you will be in a position to give me detailed statements, with documents in support thereof, of the privileged claims, whether contested or not, payment of which you will be prepared to make in conformity with said Order-in-Council No. 237, and of the Act therein mentioned, 54 Vict., chap. 88, sec. 1, par. J., I shall place at your disposal, as you shall want them, the amounts required to pay the privileged claims approved of, or for which a judgment or the award of the arbitrators shall have been given, and this by means of requisitions to be made by the undersigned to the Honourable the Provincial Treasurer on the subsidy of 800,000 acres of land converted into money, which subsidy was granted by the statute (paragraph J.) to aid the completion and equipment of the said railway for a distance of 80 miles, as determined in the same statute, on condition that you furnish me, on demand, with a detailed statement, special or general, of the sum which you shall have paid out of the funds so placed at your disposal, with a general report supported by receipts and vouchers, on the result of your operations; the whole according to the prescriptions and conditions set forth in the Order-in-Council No. 237 and said Act, 54 Vict., chap. 88, sec. 1, par. J. The expenses occasioned by such verification and such privileged claims approved or adjudged to be due shall be taken out of the said subsidy converted into money and paid to you on presentation of your account in detail.

"I remain, Sir,

"Yours, etc.,

"P. GARNEAU.

"Commissioner."

Mr. Casgrain :—

I would draw the attention of the Commission to the fact that there are several differences between the copy read by the witness and the letter printed in the official correspondence between His Honour the Lieutenant Governor and Mr. Mercier, Prime Minister.

By Mr. Bétique :—

Q. Where is the original?

A. I should have it. It is a letter addressed to me by Mr. Garneau. In the department they always keep the copy, but the original I must have, among my letters.

By Hon. Mr. Justice Baby :—

Q. Take note of that?

A. Yes, Your Honour, I will produce the original of that letter as **Exhibit No. 143**.

Q. That is the same day that you replied that the claims amounted to \$57,000 and some hundred dollars?

A. Yes.

Q. Take communication of this letter which Mr. Thom produced as **Exhibit No. 135**.

A. Yes.

Q. You received that letter?

A. Yes. That is not the original, it is a copy. Mr. Thom referred to that letter yesterday in his evidence, and I must at once declare that Mr. Thom is altogether wrong. Mr. Thom's letter was written outside my office. I neither composed it nor dictated it, it was sent to me in the morning about ten or eleven o'clock and it never originated in my office.

Q. Have you the original of that letter?

A. It is in the Public Works record.

Q. On the 29th of April, 1891, did you receive a letter from Mr. Garneau requiring you to be as diligent as possible in the matter of the uncontested claims, so that they should be paid before the tenth of May.

A. I believe so, Your Honour?

Q. Take communication then of this letter?

A. Yes.

DEPARTMENT OF PUBLIC WORKS,

Railway Office.

QUEBEC, 27th April; 1891.

J. C. LANGEЛИER, Esq.,

Deputy Provincial Registrar,

Quebec.

Dear Sir,

I have to acknowledge receipt of your letter of the 24th instant, by which you forwarded to me the claims produced before the Government, but which are not paid, against Baie des Chaleurs Railway, amounting to \$57,073.54, to wit: Against the first sixty miles between Metapedia and Paspébiac, \$38,679.65; against section K, \$18,393.89; total, \$57,073.54.

As you are doubtless aware, according to the terms of the Order in Council number 2282, passed on the twenty-third instant, one of the conditions (the 3rd) imposed upon the railway organization which undertook to bring the enterprise to a successful end, is to continue the works on the sixty miles comprised between Metapedia and the Grand River Cascapédia as soon as the company shall be able to take possession of this part of the road, that is to say, as soon as the claims which are not contested shall have been paid; which shall be done with the diligence of the Government between now and the 10th May next, at the latest, without recourse against the Government in default of such diligence, etc.

The above mentioned delay being extremely short, and the Government being obliged under that Order in Council to see that these uncontested claims be so paid before the tenth of May next, you should, so as to use all possible diligence, immediately go to the local authorities so as to pay these uncontested claims, according to the manner indicated in the instructions which I addressed to you on the 24th instant.

I have the honor to be,

My dear Sir,

Your obedient servant,

(Signed) P. GARNEAU,

Commissioner.

Q. That letter was addressed to you?

A. Yes.

is an exact copy.

Q. Have you the original ?

A. I have the original which was sent to me.

Q. Will you produce it ?

A. I will try. That letter will be marked **Exhibit No. 144.**

And the Commission adjourned until Tuesday, the 3rd of November next.

J. BELANGER,

Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Hon. LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

17th SITTING.

On the third day of November, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT:

The Honourable Mr. Justice LOUIS A. JETTÉ, President,
" " " " LOUIS FRANÇOIS GEORGES BABY,
" " " " CHARLES PEERS DAVIDSON,

Comm

JEAN CHRYSOSTOME LANGELIER, being recalled, continues his deposition as follows:

By Hon. Mr. Justice Baby:—

Q. You were to produce certain letters?

Yes, Your Honour.

Q. Will you kindly do so.

A. I made all possible search for the letter of the twenty-third of April, one hundred and ninety-one (1891), by which I sent to Mr. Thom Mr. Armstrong's account the sum of two hundred and ninety-eight thousand, nine hundred and forty-three and sixty-two cents (\$298,943.62), and I could not find it; the same thing also as to Thom's letter giving instructions.....

Q. How do you explain that you cannot find it?

A. Your Honour, it may have gone astray. It is the third time that I have not found those papers. I went down to the Baie des Chaleurs with them; we had an office there to settle up, to transact all of our business there; then I brought with me all those books to the Senate Committee when I was called as a witness; afterwards I returned to the Baie des Chaleurs with them and came back again, and on every occasion it was requisite to look up those papers and put them in order; in any case, as to the letter of the twenty-third of April, I remember about what it contained. I simply wrote him that I forwarded to him an account of Mr. C. N. Armstrong for such an amount.

Was that account Mr. Armstrong's claim?

A. It is the claim which is produced here as **Exhibit No. 3** with his signature. I told him that I submitted that account for his approval as provided by Order in Council. I did not attach any importance to that letter, I might have submitted the account to him personally without writing to him. As to the other letter....as far as I can remember there was another letter....in any case, I swear positively, that when Mr. Armstrong and Mr. Thom had settled all details as to the distribution of the cheque for seventy-five thousand dollars (\$75,000), I received instruction from both Mr. Armstrong and Mr. Thom to pay that balance in the month of July to Mr. Cooper; in any case, the letter, if there was one, I attached no importance to it, as the thing was understood between them both; the letter merely said: "Please pay that sum to Mr. Cooper (\$2,250.00)." I have Mr. Cooper's letter acknowledging receipt of that amount.

Q. That is the last cheque out of the sum of seventy-five thousand dollars (\$75,000) ?

A. Yes, Your Honour.

Q. Paid during the month of July ?

A. Yes, Your Honour. I produce that letter from Mr. Cooper acknowledging receipt of the cheque as **Exhibit No. 145**.

It reads as follows :

BAIE DES CHALEURS RAILWAY COMPANY,

MONTREAL, 10th July, 1891.

J. C. LANGELIER, Esq.

Dear Sir,

I am in receipt of yours of 13th, enclosing cheque for \$2,250, with thanks.

Yours respectfully,

JAMES COOPER.

Now, Your Honour, I was to produce also a letter from Mr. Garneau of the twenty-fourth of April; here is the original letter from Mr. Garneau of the twenty-fourth of April; I produce it as **Exhibit No. 146**; it reads as follows:

L. E. No. 1358.

L. R. No. 638.

DEPARTMENT OF PUBLIC WORKS,

QUEBEC, 24th APRIL, 1891.

J. C. LANGELIER, Esq.,

Deputy Provincial Registrar,

Quebec,

Sir,

I beg to acknowledge the receipt of your letter of the 23rd instant, containing: 1. A certificate that Mr. Thom and his associates hold the majority of the shares of the Baie des

Chaleurs Railway Company and 2. Two hundred and six bonds or debentures issued by the company for five hundred pounds sterling each, making a total amount of 108,000 pounds sterling (exceeding \$500,000) and which Mr. Thom deposits in this department as security for the execution of the engagements stipulated in his letter of the 17th April instant and the Order in Council No. 287, dated the 28rd of this month.

I at once forwarded these bonds or debentures to Mr. H. T. Machin, the assistant treasurer in order that they may be deposited in the Treasury department in accordance with the conditions mentioned in the said Order in Council with a request to Mr. Machin to give a receipt to Mr. Thom.

As regards the instructions which you ask for in your letter in order to enable you to effect as soon as possible the payment of the privileged claims mentioned in such Order in Council, these instructions will be sent you shortly.

I remain,

Your obedient servant,

P. GARNEAU,

Commissioner

Q. You received that letter the same day?

A. The same day, I believe, or the next day. Here, Your Honour, is the copy certified by Mr. Moreau of Mr. Garneau's letter to me dated the twenty-seventh of April, which the Commission ordered me to produce at the last sitting.

This letter has already been produced as Exhibit No. 144.

Q. Have you a statement of these claims.

A. Yes, one was produced here. I must say that the list therein mentioned was sent to Mr. Holland, the agent of the Ontario Bank, sometime previously. As I had had that list a long time in my possession, I sent it to Mr. Holland, who was to return it to me. The only difference between the list sent to Mr. Holland and that here in the record is that Mr. Holland's one, there was a column showing the nature of the claims, whilst the other only gives the names of the claimants with the amounts opposite each name.

Q. It is it here, you say?

A. Yes, Mr. Moreau, I believe, produced it, Your Honour. That list is in two parts: there is the list for section K and the list for the sixty miles. I was present when Mr. Moreau produced those documents.

Q. Have none of your reports been printed?

A. No, Your Honour, not yet. The two documents which I have form the document which I alluded in that letter. I produce as Exhibit No. 147 a list of claims produced before the Government and not paid.

Q. You have already given me the figures for the claims which you paid; how much did they come to?

A. On the first sixty miles it is over twenty-six thousand dollars (\$26,000), and on section K—the ten miles between the sixtieth and seventieth mile—it is nearly nineteen thousand dollars (\$19,000). If the Commission requires it I could give the exact figures.

Q. That would make forty-five thousand dollars (\$45,000) which you thus paid ?

A. Yes, Your Honour.

Now, Your Honours ordered me to produce Mr. Pacaud's letter ; I produce it as **Exhibit No. 148**. It reads as follows :

L'Electeur.

QUEBEC, 26th April, 1891.

MY DEAR CHRYSOSTOME,

Take note, I pray you, of the enclosed contract. You will oblige me by protecting the interests of the Union Bank when the occasion arises.

Your friend,

ERNEST PACAUD.

C. LANGELIER, Esq.,
Quebec.

The contract alluded to in that letter is produced as **Exhibit No. 149**. It is a transfer from Mr. Armstrong to the Union Bank for a sum of three thousand six hundred and ninety-dollars and two cents (\$3,696.02), dated the eighteenth of April, eighteen hundred and ninety-one (1891).

Q. Have you any other documents to produce ?

A. Yes, Your Honour.

If the Commission desires it, I have my instructions dated the eighth of May, eighteen hundred and ninety-one (1891). I could produce them. The Commission will perhaps allow me to state how these instructions come.

Q. From what department do these instructions come ?

A. From the Public Works. The Order in Council, it is true, states I was to pay the privileged claims, but I did not wish to take upon myself the responsibility of deciding what privileged claims, and I could not take such a responsibility. I asked the department from the very beginning to give me special instructions.

Q. Did you ask that verbally or in writing ?

A. In writing ; as far as I can see, it should be found in a letter dated... .. I know that it is in a letter ; I do not remember the date, but it ought to be the fifth of May, because I have in a letter that I now have, an acknowledgment of the receipt of my letter of the fifth of May, and instructions are given me.

By Hon. Mr. Justice Jetté :—

Q. You received instructions on the twenty-fourth of April ?

A. I had received instructions to proceed with the examination of the claims It was just in proceeding to that examination..... there were claims of all kinds, and I wished to know positively which were the claims or debts that I should pay.

Q. Are those instructions of the twenty-fourth of April produced ?

A. Yes, Your Honour, they are there. I produce this letter of instructions, dated the eighth of May, eighteen hundred and ninety-one (1891), as **Exhibit No. 150**. This letter reads as follows :

N. B.—For your information I enclose you a certified copy of the instructions given by the Honourable the Attorney General to Mr. Vallée, the Government engineer, respecting the payment to be made by the latter of the privileged claims on the Vaudreuil and Prescott Railway.

Here now, annexed to that letter, are the instructions of the Attorney General which Mr. Moreau speaks of in his letter :

MONTREAL, 13th February, 1891.

MR. L. A. VALLÉE,
Government Engineer,
Quebec,

My dear Mr. Vallée,

In re the Vaudreuil and Prescott Railway, and the workmen and laborers employed on the construction of the road, you will pay :

1. All the bonds held by the laborers and workmen, which are signed "Doran & Hebert, R. N. McDonald, and Hilton and Nellis, sub-contractors ; "
2. All the *bons* given to the workmen and laborers and which are the property of third parties ;
3. The workmen's wages—as established to your satisfaction—when such laborers have not received *bons* for their wages ;
4. The costs incurred in suits on recovery of *bons* and taxes against Doran & Hébert, R. N. McDonald and Hilton & Nellis, or in suits on recovery of wages not settled by *bons*. You will pay only the taxed costs, without recognizing any other charge made respecting the recovery of *bons* or wages.

You will further pay :

5. The claims representing wages, as accounts for bread and meat supplied to laborers and who have received their wages from those who employed them, less that which was applied by them in bread, meat and other necessities of life.
6. In the case of judgments taken either against Doran & Hebert, R. N. McDonald or Hilton & Nellis, you will only pay on those judgments the amount represented by *bons* given to workmen and laborers and which were transferred to those who obtained such judgments.

Pay the workmen's accounts for wages by whomsoever they have been employed.

Yours very truly,

(Signed) J. E. ROBIDOUX.

Attorney General.

I would like to have that letter back, Your Honour, as it is my guide in the settlement of the claims that are still to be paid.

By Hon. Mr. Justice Baby :—

Q. Can you let us have a copy of it ?

A. Certainly, I will get a copy certified by Mr. Moreau. The copy of the letter certified by Mr. Moreau, but the copy of Mr. Robidoux's instructions is not certified. I made a list, a summary of the letters that I have ; if Your Honours wish it, I can read the list.

Q. I would like to have a letter from the Honourable Mr. Garneau to you dated the fifth of May, eighteen hundred and ninety-one (1891) ?

A. I produce that letter as **Exhibit No. 151** ; it reads as follows :

DEPARTMENT OF PUBLIC WORKS.

QUEBEC, 15th May, 1891

J. C. LANGELIER, Esq.,

Quebec.

Sir,

In reply to your letter of the twelfth of this month, by which you inform me that Mr. [unclear] of the Ontario Bank at Montreal, asks for a copy of the Order in Council settling the Chaleurs matter, as well as a copy of Mr. Armstrong's receipts, I must state that those documents have not been laid before the Legislature, and have not therefore become public documents, it seems to me that it would not be proper to communicate them to any persons other than those directly interested.

Yours very truly,

P. GARNEAU,

Commissioner

Q. I would like also to have the letter addressed to Mr. Lesage on the 30th of June, eighteen hundred and ninety-one ?

A. I haven't it.

Q. Did you not keep a copy of it ?

A. No. I was writing from down below, from the Baie des Chaleurs, and naturally I had not all that was necessary to make copies of them. That letter is in the department record. I produce it as **Exhibit No. 152**.

That letter reads as follows :

QUEBEC, 30th June, 1891.

S. LESAGE, Esq.,

Deputy Commissioner of Public Works.

Sir,

As you will ascertain by the receipts and lists which will be shortly sent you, I have paid all the money which was given me to settle the claims against the Baie des Chaleurs Railway, excepting a couple of thousand dollars which remain on hand. All my accounts of workmen and boarding-house-keepers are paid—except certain claims which require explanations—from Metapediac to New Richmond, and I also paid a couple of thousand dollars in New Richmond on account of section K.

There remains for me to pay the balance due in New Richmond and all the claims in Cap-Noir, Caplan, Bonaventure and several other localities, which will take some ten thousand dollars. In addition to that, there are the accounts of the sub-contractors, some ten thousand dollars more, and several large sums for the supply of materials. Lastly, there is a claim of Cooper, Fairman & Co. for the sum of \$17,200, the payment whereof is special

recommended by the Honourable Mr. Mercier's letter. There will also be several thousand dollars to pay for right of way.

As you may see by this enumeration, more money will be required by me to continue these payments. I notified Mr. Machin, two or three weeks ago; he answered me that he had no longer a cent to place at my disposal.

Must I accept that notification as the determination of the Government and of your department? I must get a categorical answer on this point, so as to notify the company thereof, and to organize my affairs accordingly.

You will perhaps allow me to observe that these payments, which are still to be made, are the most necessary to allow the company continuing the works of construction, seeing that the works have to be carried on precisely in the localities where payments have not been made.

I have the honour to be,

Your humble servant,

(Signed), J. C. LANGEЛИER.

I stated that this letter of the thirtieth of June had been written from down below; it was an error, I alluded to another letter to Mr. Lesage; this one was written at Quebec; evidently I should have had a copy of it as I see that it was written in type-writing, but I could not find it.

Q. You have not a copy of that letter of the thirtieth of June?

A. No, Your Honour, that is the original which is found in the departmental record.

Q. I would like also to have the letter of the second of July, eighteen hundred and ninety-one (1891)?

A. Here is the reply which I received to that letter of the thirtieth of June. I produce that answer as **Exhibit No. 153**:

L. E. No. 1480.

L. R. No. 653.

DEPARTMENT OF PUBLIC WORKS,

Railway Office,

QUEBEC, 11th July, 1891.

J. C. LANGEЛИER, Esq.,

Deputy Provincial Registrar,

Carleton.

Dear Sir,

To comply with the request contained in your letter to the assistant commissioner, dated the thirtieth of June last, and in which you state that you want more money to continue paying the privileged claims which you were appointed to settle, out of the funds placed at your disposal by this department, under the terms of the Order in Council No. 237, dated the 22nd of April last, and in conformity with the advice which I gave you in reply to your letter, the second of this month, I enclose you the official Treasury cheque No. 18,133, dated the seventh of July instant, to the order of Mr. Lesage, assistant commissioner, upon the Montreal Bank, for the sum of \$15,000, and endorsed by Mr. Lesage to your order; so as to place you in a position, with the disposable balance in your hands, out of the funds so placed at your

disposal by this department, to pay, without any delay, the additional privileged claims which are still unpaid upon the various sections of this railway; the whole in accordance with the instructions given to you by this department on the eighth of May last, and of those of the Honourable the Attorney General thereto annexed. Please acknowledge receipt of this cheque.

Believe me,

Dear Sir,

Your obedient servant,

E. MOREAU,

Director of Railways.

That is an original.

By Hon. Mr. Justice Baby :—

Q. I would like also to have the letter of the 2nd July, 1891 ?

I now produce as **Exhibit No. 154** a letter from Mr. Moreau to myself dated the second of July, eighteen hundred and ninety-one (1891).

This letter reads as follows :

L. E. No. 1466.

L. R. No. 653.

DEPARTMENT OF PUBLIC WORKS,
RAILWAY OFFICE,

QUEBEC, 2nd July. 1891.

J. C. LANGELIER, Esq.,
Deputy Provincial Registrar,
Quebec.

Dear Sir,

The Honourable the Commissioner desires me to acknowledge receipt, through your clerk, Mr. Michaud, of the last two detailed statements which you sent to this department and in which are set forth the various payments which you made as special commissioner in May and June last, in settlement of the additional claims produced before you and arising out of the construction of certain sections of the Baie des Chaleurs Railway.

By Hon. Mr. Justice Baby :—

Q. What were those two statements ?

A. They were temporary lists, so as to let the department know what we were paying and what remained on hand.

The witness (continuing to read) : The first of these statements gives payments made for a sum of \$13,919.59 which, added to the \$4,779.43, amount of the second statement, make a total of \$18,699.02 to be taken out of the \$25,000 which were placed by the Treasury Department at your disposal on the ninth of May last to pay these claims, so that the disposable balance in your hands of these \$25,000 is a sum of \$6,300.98. If out of this sum we deduct the \$38.07 which you over paid on the \$1,500 which you received from the

Treasury on the second of May last, to pay certain claims produced before you at Montreal, you will still have a balance of \$6,262.91 out of the \$26,500 which were so placed at your disposal by the Treasury in May last for the purpose of settling these additional claims.

The Honourable Minister desires me also to acknowledge receipt of your letter to Mr. Lesage dated the 30th ultimo and that I should take a note of your statements therein made.

Respecting the additional claims which you state you have to pay in New Richmond and in other localities along the line of that railway, and for the settlement of which you ask for additional money, the Honourable the Commissioner instructs me to inform you that he has given orders that a cheque be immediately issued by the Treasury to your order for an additional sum of \$15,000, so as to place you in a position, with the \$6,262.91 of balance still in your hands, to pay without delay the claims which most urgently require settlement in these localities.

As to the claim of Messrs. Cooper, Fairman & Co. for the sum of \$17,200, to which you alluded in your last letter, the Honourable the Commissioner is of opinion that the settlement of that claim, if it requires to be settled, may be put off without any inconvenience.

As to the settlement of these additional claims, the Honourable the Commissioner requests you not to go outside the spirit and the letter of the instructions which he gave you on the 24th of April and the 8th of May last, and which prescribe that you should pay only the privileged claims, as defined in these same instructions and in those annexed thereto of the Honourable the Attorney General.

It is important that you use the utmost diligence in paying these privileged claims remaining unpaid on this railway; and with this view, if the funds now placed in your hands are not sufficient, you have only to make a further application and additional money will be at once placed at your disposal.

According to instructions from the Honourable the Commissioner, I write to-day to Mr. Thom (who complains of delay in the settlement of the debts of the old company, and the disappointment occasioned to the workmen and other creditors), to again assure him that nothing has been neglected on the part of the Government, or of yourself, to settle within the shortest possible delay the additional claims against the railway.

I think it opportune to inform you that Mr. Lonergan, the company's solicitor, informed Mr. Thom, who in his return advised the Honourable the Commissioner, on the 29th of June last, that Judge Pagnuelo had rendered judgment on the preceding Saturday, granting the conclusions of the company's petition, and giving it full possession of the railway and rolling stock; which will allow of Mr. Thom putting the contractor at once to work and of completing and fulfilling without further delay the other conditions to which the company is bound.

Believe me,

Dear Sir,

Your obedient servant,

E. MOREAU,

Director of Railways.

That is an original.

Q. Have you the letter which Mr. Moreau sent to you on the sixth of July, eighteen hundred and ninety-one (1891), respecting Mr. Light's account?

A. Yes, Your Honour ; I produced it as Exhibit No. 155. That letter reads as follows :

L. E. No. 1470.

L. R. No. 1072.

DEPARTMENT OF PUBLIC WORKS,
Railway Office,

Quebec, 5th July, 1891.

C. LANGELIER, Esq.,
Deputy Provincial Registrar,
Montreal.

Dear Sir,

According to instructions from the Honourable the Commissioner, I enclose you copy of a letter which was sent to him on the 30th ult. by Mr. A. L. Light, civil engineer, as well as his account thereto annexed for the sum of \$1,066, and the legal opinion in due form of Mr. William Cook, advocate, of Quebec, upon the correctness of Mr. Light's claim against the Baie des Chaleurs Railway Company, for arrears of salary due on the first of May last, at the rate of \$1,000 per annum.

You will please take communication of the representations made by Mr. Light in his letter to the Commissioner, as well as the arguments invoked by him as well as by Mr. Cook in favor of the settlement of that claim through you, out of the funds which have been placed at your disposal by this department, in the terms of the Order in Council number 237, dated the 23rd of April last.

I can certify to the correctness of the fact stated by Mr. Light that he ceased to be chief engineer in the service of the Government as far back as the year 1885 ; an Order in Council having been passed at that time to allow him fees at the rate of \$20 per day, besides his actual expenses, for any inspection that might be occasionally entrusted to him by the Quebec Government upon the various railways built in this Province.

So that Mr. Light, from that time, was free to offer his services elsewhere. I may add that for more than a year, Mr. Light has ceased making any inspection of the railways under the control of this department.

In case you and Mr. Thom, the secretary-treasurer of the company, would not be prepared to admit this claim and to pay it now, you will please give the Honourable the Commissioner your reasons for objecting to the settlement of these arrears of salary, which seem to fall into the category of debts which you have already paid under the authority of the said Order in Council, and in particular, that of Mr. C. N. Armstrong, the contractor of the old company.

Believe me,

Dear Sir,

Your obedient servant,

E. MOREAU,

Director of Railways.

This is an original.

Q. Have you a reply to that ?

A. I have not a copy of it.

Q. You have no copy of the reply made ?

A. The fact is that there are two or three requests from Mr. Moreau respecting that claim, and the reply that I gave was that I had no objection to pay, but that Mr. Thom objected to pay it. Later, Mr. Moreau wrote or telegraphed to me to get from Mr. Thom the reasons why he did not wish to pay that claim, and Mr. Thom telegraphed me ; I sent Mr. Thom's telegram to the department. I have these papers here, and will produce them when I find them.

Q. I wish to have your letter of the eighth of July, eighteen hundred and ninety-one (1891), addressed to Mr. Lesage ?

A. I produce as **Exhibit No. 156** a letter from Mr. J. C. Langelier to Mr. S. Lesage dated the eighth of July, eighteen hundred and ninety-one (1891).

That letter reads as follows :

CARLETON, 8th July, 1891.

M. LESAGE, Esq.,

Assistant Commissioner of Public Works,

Quebec.

Sir,

I am every day being presented with claims against the sub-contractors to whom nothing is due. Should I pay their claims when they are well established ? It is true that the sub-contractors have been paid ; but they kept the money and did not pay their workmen or those who furnished supplies, who have received nothing.

In my opinion, the act of last session intended to provide for those cases as well as for the others ; but, to be more prudent, I have avoided settling them before having in respect the decision of or instructions from the department. It is of course understood that I am speaking of claims directly connected with the construction of the railway, including accounts for board and from the stores of the sub-contractors, when they were carrying on their works.

In speaking aloud above the sub-contractors who have been paid and who kept the money, I alluded to the payments made by the chief contractor, for I have not as yet paid any sub-contractor out of the money given to me. I will pay them last, so as to be able to retain all that they owe to their workmen and the persons who furnished them with supplies.

I have the honour to be,

Your very humble servant,

J. C. LANGEЛИER.

I now produce as **Exhibit No. 157** a letter from M. Lesage, Assistant Commissioner of Public Works, to myself, in reply to the preceding letter. This letter reads as follows :

L. E. No. 1478.

L. R. No. 653.

DEPARTMENT OF PUBLIC WORKS,
Railway Office,

QUEBEC, 10th July 1891.

J. C. LANGELIER Esq.,
Deputy Provincial Registrar,
Carleton.

Dear Sir.

In reply to your letter of the eighth instant, I must state that, according to the elementary instructions given to you by the Honourable the Commissioner on the eighth of May last, and the tenor of the instructions given to Mr. L. A. Vallée, Government engineer by the Honourable the Attorney General, on the thirteenth of February last (of which is annexed to the letter of the eighth of May last), I believe that you can pay the claims which you mention as having been produced before you against the sub-contractors whom nothing is due, but which are, as you state, directly connected with the construction of the Baie des Chaleurs Railway, at the time these works were going, and which on the accounts for board and from the stores of these sub-contractors. Only you should, in compliance with the instructions which you have already received from the department with those of the Honourable the Attorney General, paragraphs 2 and 5, before paying such claims by the books and accounts in the possession of these sub-contractors of their agents so as to control their correctness and get them to admit them if necessary. In default of that control and of that approval, you may settle such claims according to the terms of your instructions as soon as you have yourself ascertained their correctness whole or in part, and, if necessary after you have obtained from the claimants declarations attesting the correctness of their claims.

Believe me,

Dear Sir,

Your very devoted servant,

S. LESAGE

Assistant Commissioner

N. B.—You must not lose sight of the fact that these claims, as well as all others you shall pay as being privileged debts, must always be previously approved by the president or the secretary of the present company, in conformity with the Order in Council number 237, dated the 23rd April last.

S. LESAGE,

Assist. Comm.

That is the original, but I would like to have it again, as I require it to continue payments; a copy will be produced.

Q. Before the Senate you produced a document dated the twenty-eighth of

eighteen hundred and ninety, one (1891), being a statement of account between the Baie des Chaleurs Railway Company and Mr. Armstrong?

A. These are the two lists which have been produced.

Q. Have they been produced here?

A. Yes.

Q. As well as the quittance or discharge given by Mr. Armstrong?

A. Yes, Your Honour.

Q. You also produced a document dated the twenty-seventh of August, eighteen hundred and ninety one (1891) being a statement of disbursements and showing the balance of the subsidy, which you had expended from the twenty-eight of November eighteen hundred and ninety (1890)?

A. That was anterior, Your Honour. That document is here also; the document is incomplete.

Q. That is the one produced before the Senate Committee?

A. No, Your Honour, I did not produce that before the Senate; I only took certain information from the document which was asked for; Mr. Barwick told me that he only wanted the totals.

I produce as Exhibit No. 158 the list of claims paid on account of section K.

If the Commission wish it, I still have in my possession all the receipts for the payments mentioned in that list, I can produce them.

Q. What is the total amount of these payments?

R. Eighteen thousand seven hundred and fifty-five dollars and some cents. I will this afternoon produce as exhibit No. 159, if the Commission wish it, the list of claims paid on the first sixty miles.

Q. What was the amount given to you altogether outside the one hundred and seventy-five thousand dollars (\$175,000)?

B. It should be forty-one thousand five hundred dollars (\$41,500.)

A. Did you not draw the twenty-eight thousand dollars (\$28,000) which were placed at your disposal by the report respecting the Baie des Chaleurs Railway Company number 606; it is stated in that report that a sum of twenty-eight thousand five hundred and forty-six dollars (\$28,546) would be placed at your disposal?

A. Yes.

Q. How much did you draw of this sum?

A. The whole amount, and I paid it all out.

Q. You paid the whole of it?

A. I paid the whole of it; twenty-six thousand two hundred and some dollars for the claims and the balance for the costs of the enquiry as provided by the Order in Council.

Q. Had you a special credit in a bank for these twenty-eight thousand dollars? How did you draw these amounts?

Q. Your Honour, naturally, is dealing with the payments made in October, eighteen hundred and eighty-nine (1889). For those a cheque from the Treasury Department—I do not know—was given me; but a cheque for the balance of the subsidy was given me; then I took the cheque and as I wanted money, I changed the sum that I wanted at a broker's, so as to have bank notes with me.

Q. You did not leave the amount in a bank?

A. No, not that time. This time, however, I made all the deposits in the Banque Nationale so as not to carry too much money with me, and as I wanted money, I drew on the bank. I sent my cheques to James McNider & Co to get the bank notes which I required to pay.

Q. Have you an official bank book?

A. Yes.

A. Have you it with you now?

A. No.

Q. You will produce it?

A. Certainly, Your Honour.

Q. Can you make a statement of the sums which you received in eighteen hundred and eighty-nine (1889) and of the payments you made out of them, as well as of the sums you received in eighteen hundred and ninety-one (1891) and the payments you made out of those sums?

A. Yes, Your Honour.

Q. You can give us that statement?

A. It is all made; it should have been in the Department of Public Works; it was certainly sent to the department. For the first twenty-six thousand dollars, the payments were finished about the end of October, eighteen hundred and ninety (1890); it dragged on, there were a great many claims which were not absolutely fixed. I have all the statements here.

Q. Will you produce that statement?

A. There are several; here is a summary of the application of the balance of the subsidy for the first sixty miles. As to producing that, I believe it will be necessary to produce the receipts with it; the list is of value only so far as it is supported by the receipts.

I produce as exhibit No. 160 a letter to the Honourable Pierre Garneau, dated the ninth of December, eighteen hundred and ninety (1890), accounting for the application of the twenty-eight thousand five hundred and forty-six dollars (\$28,546) forming the balance of the subsidy coming to the first sixty miles of the Baie des Chaleurs Railway. It is given as letter number 691 for the year eighteen hundred and ninety-one, (1891).

Q. For the other sum?

A. The document is produced; the list of payments for section K, the payments made in the month of April eighteen hundred and ninety (1890) is already produced.

Q. Is there any money remaining in your hands?

A. Now?

Q. Yes.

A. No, Your Honour, I have nothing on hand.

Q. Out of the sum of two hundred and eighty thousand dollars (\$280,000) which you received?

A. I received forty-one thousand five hundred dollars (\$41,500) and one hundred and seventy-five thousand dollars (\$175,000), in all two hundred and sixteen thousand five hundred dollars (\$216,500).

Q. The balance has not yet been paid?

A. No, Your Honour, it is at my disposal.

Q. You will produce your bank-book?

A. Here, Your Honour, are my bank book and my cheque book.

Q. Mr. Langelier, have you the original letter which was addressed to you by the Honourable Mr. Garneau on the twenty-fourth of April, eighteen hundred and ninety-one (1891), (L. E. No. 1356, L. R. No. 688); we wish to have the original?

A. I have produced it, Your Honour. I think that it was this that I received, as this is the copy which I received from Mr. Moreau.

Q. Have you any other documents to produce ?

A. Here is the statement of the payments made on receipts on account of the two hundred and eighty thousand dollars (\$280,000) up to the ninth of October. I produce the statement as **Exhibit No. 161**. The sums entered on the list as paid, were paid on receipts ; here are the receipts, I can lay them before the Commission ; they are all numbered. I have not only the receipts but the receipts, are in duplicate, and to one of the duplicates the claim is attached ; as for instance, if it is a time check, the time-check is annexed to the receipt. Besides this list of payments there are the payments made on *bons*. It often happened that in certain cases, the claim existed, was indubitable, but there were some details to complete it ; in such cases, in place of taking a final receipt, I paid the money and took *bons*, with the reserve of getting a final receipt when the whole was settled. I may cite to the Commission two or three cases to show the necessity for it.

Q. The first amounts you received you deposited in a bank, did you not, in eighteen hundred and eighty-nine (1889) ?

A. No, I left immediately with it.

Q. I think I have already asked this question, but allow me to put it again : When you paid Armstrong's claim, you did not enquire whether it was or was not privileged ?

A. No. At that time, you see, Your Honour, I did not want to take upon myself the decision of what was privileged and what was not. The instructions which were given to guide me in the matter were given me only after the eighth of May ; it was precisely for that that I went down to the department and submitted that claim to the department. We discussed the question ; Mr. Garneau and Mr. Lesage were there, and we talked over the matter together.

Q. And it was the department that gave you instructions to pay it ?

A. Certainly, and the proof of that is that they gave me the one hundred and seventy-five thousand dollars (\$175,000) to pay it.

I produce as **Exhibit No. 162** the statement of payments made on *bons*.

I produce as **Exhibit No. 163** the pass book of the Banque Nationale, folio 317, and as **Exhibit No. 164** my cheque book on the Banque Nationale.

By Mr. Casgrain :—

Q. Mr. Langelier, I would wish you to please precise as much as possible the person who gave you the order to pay the one hundred and seventy-five thousand dollars (\$175,000), Mr. Armstrong's claim ?

A. It was at the Department of Public Works that it was decided.

Q. By whom ?

A. It must have been by Mr. Garneau and Mr. Lesage, we were all three there.

Q. Do you say that it was Mr. Lesage who gave you the order to pay ?

A. Not he more than the others. The question was discussed by the three ; I submitted the question to them. What I positively remember is that at the time Mr. Lesage said " We are at the company's mercy ; and it is the company that must decide whether it should be paid, and once they say it should be paid, I do not see how we can refuse to pay."

Q. Was Mr. Garneau present ?

A. Mr. Garneau was present.

Q. What was the date of that interview?

A. It must have been on the twenty-third or the twenty-fourth of April; it was when I went down with Mr. Armstrong's claim, it must have been the twenty-fourth of April.

Q. Had you then received your instructions from Mr. Garneau as reproduced on page eleven of the official correspondence?

A. I had received instructions from Mr. Garneau to proceed with the examination of the claims.

Q. You had received that letter from Mr. Garneau dated the twenty-fourth of April, which is found at page eleven of the official correspondence, of which a copy is produced as Exhibit 143, had you not?

A. Yes, I believe so; so far as I can remember, I had received it.

Q. Then, what examination had you made of Mr. Armstrong's claim in conformity with the letter in question?

A. I had examined it, I ascertained the amount, I verified the signatures, the signature of Mr. Leduc. As to the amount due, I depended, in so far as I was concerned, entirely upon the signature of Mr. Leduc.

Q. Entirely upon Mr. Leduc's signature?

A. Yes because I knew that Mr. Leduc perfectly well knew all about it.

Q. Now, you stated a moment ago that you had not examined the question so as to know whether that claim was or was not a privileged claim.

A. No, I did not wish to take that responsibility.

Q. I wish you to refer to the evidence which you gave before the Senate, which is to be found on page 123 of the report of the Senate Committee and which reads as follows:

"Q. Did the Department of the Attorney General tell you to pay this \$175,000?

"A. No. It was the Public Works Department.

"Q. By letter?

"A. Not by letter, in virtue of the Order in Council.

"A. Who told you to pay the \$175,000?

"A. It was Mr. Lesage, the Deputy-Minister of Public Works.

"Q. Did Mr. Armstrong sign the receipt before he got the cheques or at the same time he got the cheques?

"A. I have told you before he signed it one or two days before he received the cheques.

"Q. This is the receipt endorsed on this account? (Document referred to.)

"A. What I have produced.

"Q. Was Mr. Armstrong's claim one of the privileged claims?

"A. After what had been told me I didn't bother about whether it was a privileged claim or not. I had instructions to pay him and I paid him.

"Q. Who gave the instructions?

"A. It was Mr. Lesage, Deputy Minister of the Public Works who told me to pay it. He was my chief and I took my orders from him.

"Q. You didn't care whether it was privileged or not because you had the instructions of your chief?

"A. In the other claims I exercised my own discretion, but in this I received an order and I had nothing to say to it, but to submit."

A. First, I must tell you at once, that I never spoke of orders. That translation is very badly done. I spoke in French, and the expression I used was "instruction."

Q. Apart from that is what is contained in the extract which I have just read to you correct?

A. Certainly: Mr. Lesage, or Mr. Garneau; perhaps I should have added Mr. Garneau, as a matter of fact when I returned from the Baie des Chaleurs Mr. Garneau told me that Mr. Lesage complained bitterly to him because in my evidence before the Senate Committee, I had mentioned his name in that sense; I told Mr. Garneau: "Bring Mr. Lesage before me and I will defy him to deny it." Then Mr. Garneau told me: "In that case you have no objection to meet Mr. Lesage?" Then I met Mr. Lesage in Mr. Garneau's office and I told him that in fact the word "instruction", those things went too far perhaps, but that in substance the matter was perfectly correct. At the time Mr. Lesage, who was facing Mr. Garneau, did not contradict it; Mr. Lesage asked me for a letter to establish those facts. I told him. "Put down in writing what you want and I will answer you," and I am still without any letter from Mr. Lesage.

Q. The question was not so much about paying...?

A. The amount had been accepted.

Q. Accepted by whom?

A. In the department, in Mr. Garneau's office; and the only persons to whom I spoke about it were Mr. Lesage and Mr. Garneau, we were all three together in the office.

Q. Now, had you anything in writing to lead you to pay that account?

A. No.

Q. You had no report in writing, no instruction in writing?

A. No instruction in writing, except the letter of the twenty-third of April.

Q. Now, will you state what report you made to the department respecting the payment of Mr. Armstrong's claim?

A. I made no report, I merely sent Mr. Armstrong's discharge with subrogation and Mr. Thom's letter approving the whole of that.

Q. Now, will you state as exactly as possible the date when you learned that you were appointed commissioner?

A. I believe that it was on the same day.

Q. It was the same day?

A. It was the same day. Mr. Grenier, the Clerk of the Executive Council, came to tell me that the Order in Council was passed, and that if I wanted a copy he would give it to me. I told him that I did not want one just then. He told me: "When it is ready, I will send you."

Q. Did you know beforehand that you were to be appointed commissioner?

A. No, I did not know it.

Q. Had you any conversation with any one respecting this matter and respecting your appointment as commissioner?

A. Not at all. I was sent for to the council of ministers—I do not remember the date—anyway there was a sitting of the council of ministers at which Mr. Thom was present, Mr. Moreau was also at the council,—certain information about the locality was required. This is the only time that I was called upon to give any information to have anything to do with the matter while Mr. Thom's proposal was being discussed.

Q. At about what date?

A. I cannot say; I know that it is between the fifteenth and the twenty-third; I do

not want to be precise, but as far as I can remember, it was almost half way between those two dates.

Q. Can you now state where the Order in Council was prepared?

A. No, not at all.

Q. Do you not know?

A. No.

Q. Do you know by whom that Order in Council was prepared?

A. No.

Q. It was not by you?

A. No, it was not by me at all.

Q. Will you please look at Exhibit No. 41, being the draft of the letter, and of the report produced by Mr. Moreau, and state in whose writing are the interlineations and the marginal notes on that document?

A. The interlineations on the second page of the words "45 Vict., ch. 23, and its amendments", is in my writing; as to the rest, I do not know in whose writing they are. That note first cited was probably placed there when I was called before the council to give certain information. I know nothing of the rest.

Q. Do you know whose is the writing in red ink on page one of Mr. Thom's letter?

A. It is my writing. That part, it was just that part that was being discussed when I went to the council. There was a point in dispute, in discussion. I do not know what for a part of the road between Gaspé Basin and Paspébiac; it was upon that that I was sent for with Mr. Moreau to give some information to the ministers, to let them know what they were to depend on. They had this draft before them, as well as I can remember; I am not positive, however, as far as I can remember, one of the ministers asked me, so as to be sure of the matter, to point out, to mark in the document which they had in their hands what they wanted to know.

Q. The words: "There from Gaspé Basin, as soon as practicable," are in your writing?

A. Yes.

Q. When did you learn for the first time that a letter of credit for one hundred thousand dollars (\$100,000) was deposited in the Union Bank or had been paid, that a part of the letter of credit for one hundred and seventy-five thousand dollars (\$175,000) had been drawn and had been deposited in the Union Bank?

A. It was in the evening of the twenty-eighth, when we conversed about Mr. Armstrong's claim in the office of the Minister of Public Works; there was at once a question of the necessity of paying that by letters of credit, something like that. Then, I know that it was there said: "It is the Union Bank; it was understood that the Union Bank was to make that advance;" but I did not learn it in a direct and formal way until the evening of the twenty-eighth when I went to the Banque Nationale. I learned it first from Mr. Armstrong, who came to ask me to go down to the Banque Nationale and afterwards from Mr. Lafrance; who, in conversing with Mr. Armstrong, had said that the Union Bank was doing the other one hundred thousand dollars (\$100,000.)

Q. Who asked you to go and endorse the letter of credit to the Union Bank?

A. I could not say, but I know that it was after the signing of the cheques.

Q. The signing of the cheques, where?

A. Of the five cheques for twenty thousand dollars (\$20,000.)

Q. You cannot say whether it was Mr. Pacaud.

A. No; I am certain it was not Mr. Pacaud.

Q. Or Mr. Armstrong, then?

A. Perhaps Mr. Armstrong; I am not sure.

Q. Did you immediately go to endorse them ?

A. No, it was a couple of days afterwards.

Q. How many days afterwards ?

A. A couple of days afterwards.

Q. A couple of days afterwards ?

A. Yes.

Q. In your evidence before the Senate, at page 124 of the Senate report, here are the questions which were put to you and the answers which you gave :

" A. I had no knowledge whatever of the discounting of that letter by the Union Bank. have nothing to do with that whatever.

" Q. Who arranged that ?

" A. I was informed by the department that there would be a letter for \$100,000, on the Union Bank, and that such an amount would be put to my credit.

" Q. Who told you that ?

" A. Mr. Lesage and Mr. Machin."

A. That is an error, it was Mr. Lesage or Mr. Machin that I said.

Q. Then, it was one of the two, either Mr. Lesage or Mr. Machin, who told you that that letter of credit for one hundred thousand dollars (\$100,000) would be deposited in the Union Bank to your credit ?

A. No, I did not say that it would be deposited. What was said in the department, and that was perfectly well understood, was that the letter of credit...at the time it was in question that the letter of credit would be discounted by the Union Bank.

Q. What you said before the Senate is not altogether correct ?

A. Perhaps. In any case, I declare positively that it was in the Department of Public Works that I was informed that it was there that the money would be found.

Q. You will notice this in your evidence before the Senate, immediately after the last answer which I have just given.

" Q. Who told you that ?

" A. Mr. Machin and Mr. Lesage.

" Q. Mr. Machin, the Assistant-Treasurer ?

" A. Yes.

" Q. And the other gentleman ?

" A. The Deputy Minister of the Public Works Department, from whom I received my orders.

" Q. Are these the five cheques you signed, Exhibits 28a, 28b, 28c, 28d and 28e ?

" A. Yes.

" Q. And you signed those cheques without knowing whether there was \$100,000 to our credit in the bank or not ?

" A. All I had was the authority from the Department telling me there was \$100,000 to my credit in the bank."

Q. Is that correct ?

A. Yes, certainly, because it was by the intervention of the department.

Q. Consequently when you signed the five cheques in the office of the *Electeur*, you did not know that the money was deposited to your credit ?

A. No, I did not know it positively.

Q. You gave cheques without knowing whether there were any funds to meet these cheques ?

A. Certainly, on the faith of representations from the department that the financial part had been arranged.

Q. Where did you endorse those cheques for the sum of one hundred thousand dollars (\$100,000) ?

A. In Mr. Webb's office.

Q. Please take communication of this letter, which was produced before the Senate as number 33, and state whether you received that letter at that date or about the date upon which it was written ?

Q. Yes, here is the letter. Copy of the letter was produced by Mr. Webb as Exhibit No. 35.

Q. In that letter Mr. Webb stated... ?

A. First, that letter was sent to my office at Quebec, in my absence.

Q. It was on the sixteenth of May ?

A. Yes, and I did not return here until the month of June, fifteen days or three weeks afterwards.

Q. That letter informed you, that the letter of credit for one hundred thousand dollars (\$100,000) was held by the Union Bank for collection ?

A. Yes.

Q. On your account ?

A. Yes.

Q. That letter reads as follows :

UNION BANK OF CANADA,

QUEBEC, May 16th, 1891.

J. C. LANGEЛИER, Esq.,

Quebec.

Dear Sir,

This is to advise you that we hold a letter from Mr. Garneau as acting Provincial Treasurer and acting Prime Minister, dated 28th of April, 1891, on collection on your account.

Yours truly,

E. E. WEBB,

Cashier

Q. When you received the letter from Mr. Webb, did you try and get back the cheques which you had given ?

A. Not at all, I did not concern myself at all about them.

Q. Those cheques had been signed in your official capacity ?

A. Certainly.

Q. " J. C. Langelier, commissioner."

A. Certainly. When I went to endorse it then I saw Mr. Webb only for a moment and he told me : " I think it is all right ;" I did not pay any further attention to it.

Q. When you heard Mr. Webb say to you, that it was all right you thought it was correct.

A. Yes.

Q. When you received that letter, you saw it was not correct ?

A. I paid no attention to it.

Q. You are a business man ?

A. I never was much in business, but, as a business man, generally, when a bank gives its word, it keeps it.

Q. Now, I wish to know, as precisely as possible, when and how you received Mr. Armstrong's claim?

A. I received it from Mr. Armstrong himself in my office, it was, I believe, two or three days before the payment.

Q. That is two or three days before the twenty-eighth?

A. Perhaps before that, I do not remember; I know it was long before; I know that it was before the payment, and that on receiving it, I sent it to Mr. Thom at once in a letter. Then the next day, about ten o'clock, I received Mr. Thom's answer returning the claim and stating that he approved of the claim only to the extent of one hundred and seventy-five thousand dollars (\$175,000.)

Q. Mr. Thom's letter, if I remember rightly, is dated the twenty-fourth of April?

A. It may be so; it is probably that.

Q. It was before the twenty-fourth then that you received Mr. Armstrong's claim?

A. Yes, the twenty-third probably.

Q. And you received it from Mr. Armstrong himself?

A. Yes, he brought it to my office.

Q. For all the other claims, except that of Mr. Armstrong, you, if I understand rightly made requisitions in writing upon the Department of Public Works, and the money to pay those claims were sent to you by departmental official cheques?

A. Yes.

Q. Or rather Treasury cheques?

A. Well, I do not remember. As far as I can remember, the first, the cheque for twenty-five thousand dollars (\$25,000), I received it myself directly from the Treasury. I was under the impression that the cheque had passed through the Department of Public Works, and it was from the Treasury. I had been previously told: "Go to the Treasury." I went to the Treasury and there was a cheque there for me. But the first one, that for fifteen hundred dollars (\$15,000), which was sent to me at Montreal, was a cheque made to the order of Mr. Lesage, and endorsed by Mr. Lesage to my order; I believe that the other cheque for fifteen thousand dollars (\$15,000) was made in the same way. It was a cheque of the department made to the order of Mr. Lesage and endorsed by Mr. Lesage to my order.

Q. Now, when you wished to pay these claims you asked the department for the money?

A. Yes.

Q. In writing.

A. Yes.

Q. And the department sent you the money to pay such and such claims which you specified?

A. No, there was nothing specified.

Q. For certain kinds of claims?

A. The kinds of claims as provided in the Order in Council; but I did not forward a list, except the first list which I mentioned already. As I stated, before commencing anything, Mr. Garneau or some one in the department asked me to produce a list of claims.

I produced that list, and afterwards we went along without giving any special list. For all these claims generally I agreed with Mr. Thom that all those respecting wages, which

were not contested, and he gave me authority to pay them. Now, even after having the instructions of the eighth of May, when there was anything unusual, I consulted the department.

Q. The fact is, that whenever there was anything which went beyond the usual limits of what you thought were your instructions, you consulted the department?

A. Yes, as I did for Mr. Armstrong's claim.

Q. Are you positive in stating that the instructions which were given to you to pay that claim were from Mr. Garneau or Mr. Lesage?

A. Yes, I did not know at the time that some one would endeavor later on to avoid the responsibility for what was done, but in any case it was in the Department of Public Works in Mr. Garneau's office, that I received instructions to pay the Armstrong claim; when I conversed about the claim it was with Mr. Garneau and Mr. Lesage.

Q. If it was not Mr. Garneau it was Mr. Lesage?

A. Yes; and the proof that they gave me instructions to pay it, is that he gave me one hundred and seventy-five thousand dollars (\$175,000) to pay it.

Q. Did you examine Mr. Armstrong's contract?

A. Yes.

Q. Did you study it with a view of knowing whether Mr. Armstrong's claim was due at the time or was payable at the time?

A. Not with that view; but I knew the contract that Mr. Armstrong had with the company like the palm of my hand, and I believed that his claim could be paid.

Q. From the opinion that you had of it, you thought his claim was payable.

A. The idea that I had was that if the claims of the sub-contractors were privileged, *fortiori* the claim of the chief contractor should be privileged. I am not a practising advocate but it seemed to me that that was very clear.

Q. And it was for that reason that you had no hesitation in paying?

A. Certainly.

Q. And you had consequently no need of instructions to pay it?

A. I had always need of instructions notwithstanding, but it was my own personal impression; when I was told in the department to pay it, it did not surprise me, as I really thought that if those who were sub-contractors, who were creditors only in so far as they depended from Armstrong, were privileged, *à fortiori*, he should have the right to be paid.

Q. Now, did you notice that this claim of Mr. Armstrong was not due in money, but debentures?

A. I beg your pardon, it was due in money as well as in debentures?

Q. You state that?

A. Yes; the company had the right...I have the contract here...

Q. The contract is produced?

A. I can cite you the clause if you like. If you will look at the contract, you will see that especially for the subsidies voted by the Province of Quebec, the company had always the right to pay in money in lieu of debentures.

Q. Now, did you examine Mr. Light's certificate?

A. No, I examined what was in it, but the detailed certificates, I did not see them.

Q. Have you Mr. Thom's telegram to which you alluded just now in your examination in chief respecting Mr. Light's claim.

A. Yes, I will produce it.

Q. Will you produce it ?

A. I must produce it this afternoon. I have it, it is annexed to a copy of the letter which I sent to the department.

By Mr. Amyot :—

Q. That clause which gave to Mr. Armstrong the right of having the money, in the contract, to which you have just referred, the contract of the ninth of June, eighteen hundred and eighty-six, which was produced as **Exhibit No. 3**, before the Senate, is the clause, is it not, which commenced by the words "Should the Legislature of Quebec, &c., &c.?"

A. There are two or three clauses to the same effect.

Q. That is one, is it not ?

A. Yes.

Q. You were specially appointed to carry out the Order in Council No. 237 ?

A. Certainly, for nothing else.

Q. That Order in Council was that the claims approved by Mr. Thom should be paid ?

A. Certainly.

Q. And money was given you to pay these claims of Mr. Armstrong's approved by Mr. Thom.

A. Certainly.

Q. And you paid it as the most natural thing ?

A. Altogether natural.

Q. You had no suspicion whatever that there was anything wrong in it ?

A. Not in the slightest, on the contrary I found it very plain. I had occasion to make a very special study of this Baie des Chaleurs Railway matter, and I knew perfectly well that it was impossible to carry out Order in Council 237 without paying off Mr. Armstrong.

Q. So that, in giving one hundred and seventy-five thousand dollars (\$175,000) to pay Mr. Armstrong, there still remained on hand one hundred and fifteen thousand dollars (\$115,000) to pay the creditors, did there not ?

A. Yes, the difference between two hundred and eighty thousand and one hundred and seventy-five thousand.

Q. Then, by paying Mr. Armstrong and by paying the other creditors with the difference, and the new company undertaking to pay Mr. MacFarlane when his claim should be decided by the courts, the new company found itself in possession of the whole road and obliged to build the whole road and you believed it to be furnished with sufficient capital to carry out the enterprize to a successful end ?

A. Certainly.

Q. You found then that it was in the public interest and in the interest of that part of the Province in particular that these things were so done.

A. Certainly.

Q. When you endorsed that letter, whether promise to pay or letter of credit, call it what you like, for one hundred thousand dollars (\$100,000), as a question of fact, it was understood at the time that it was the Union Bank that was to discount it ?

A. Certainly.

Q. Mr. Webb himself had so given you to understand?

A. Certainly ; he presented it to me, I endorsed it; then he said : " I think it is all right " or " I think " or " I guess."

Q. " I think it is all right," that was with respect to the payment of this letter?

A. Certainly.

Q. There was question of that at the time?

A. Yes.

Q. That is what you understood?

A. What I understood was that as when we take a promissory note or cheque for account and the cashier says : " That is correct, you will have the money." That is what I understood.

Q. The other claims which you paid were also approved by Mr. Thom?

A. There were some claims for wages ; and what are called time-checks. It is not a check acknowledging that such a one has a right to so much. Then, for all those matters perfectly clear Mr. Thom and Mr. Cooper told me that they would not bother with it ; they gave me full latitude to pay them ; as soon as anything was outside that character then I submitted them the claim.

Q. To resume the matter, out of the two hundred and eighty thousand dollars (\$280,000) you paid first one hundred and seventy-five thousand dollars (\$175,000), Armstrong's claim, and forty-one thousand five hundred dollars (\$41,500) of other claims, the whole with the approval of Mr. Thom, in the terms of the Order in Council?

A. Certainly.

And further the deponent saith not.

SIMEON LESAGE, assistant commissioner of Public Works, being duly sworn before the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Jetté :—

Q. Mr. Lesage, you are in the department of Public Works?

A. Yes, Your Honour.

Q. Did you, in your official capacity, know of the issue of the letter of credit or letter of credit for one hundred thousand dollars (\$100,000) and seventy-five thousand dollars (\$75,000) for the settlement of Mr. Armstrong's claim?

A. I did not know it officially ; I saw that they were issued after they had been issued.

Q. But did the fact come to your knowledge in the department after the issue?

A. After the issue I could not say ; it was rather in the Treasury Department. I saw business in the Treasury Department, and I saw that letters of credit had been issued.

Q. Will you state at about what time, if you remember, you, knew of the issue of the letters?

A. It was the same day or the next day after they were issued.

Q. About the twenty-eight (28) of April?

A. About the twenty-eight (28) of April.

Q. When these letters of credit were issued, or when you knew of it, did you inform Mr. Chrysostôme Langelier that the amount of these two letters of credit was at his disposal?

A. It was not I that informed Mr. Langelier that that amount had been placed at his disposal.

Q. Did you know that Mr. Langelier had been informed of it in your presence?

A. Not in my presence, Your Honour.

Q. Had there been question of it between Mr. Garneau, Langelier and yourself in the Department?

A. Not respecting the payment, not after the issue of the letters of credit.

Q. Was there question before, that the amount would be placed at his disposal?

A. Not in my presence.

Q. Then you had no knowledge of this information which might have been given to Mr. Langelier, that one hundred and seventy-five thousand dollars (\$175,000), would be placed at his disposal for the settlement of that claim of Mr. Armstrong?

A. No, Your Honour, Mr. Langelier must have confounded the assistant-treasurer and the assistant-commissioner of Public Works.

Q. Do you know whether the assistant-treasurer gave that information to Mr. Langelier?

A. I could not say. In any case, in so far as the responsibility to be taken for that payment is concerned, the Honourable Mr. Garneau does not hesitate to say that he took that responsibility himself, that he did not intend to throw it up on any one else. It was he who decided the payment, it was he who managed all that affair, and he is not a man to draw back from the responsibility of things which he undertakes. Mr. Garneau treated that matter in a business point of view, he thought he was doing an excellent thing in the terms the settlement was made, and not later than Saturday, he told me that he had not the slightest hesitation and that he had not asked my advice on the subject.

Q. But at the time, the twenty-eighth (28) of April, or the twenty-ninth (29) of April, or about that time, was there question of this settlement or negotiation between Mr. Garneau and yourself?

A. The only time, the only occasion when it was in question, was when Mr. Chrysostôme Langelier, the witness just heard, came to bring to the department that statement of Armstrong's claim for a sum of two hundred and ninety-eight thousand dollars (\$298,000). It was the first time that I had heard that Armstrong claim spoken of; I did not know anything about it. I had never seen that statement and it is not astonishing that Mr. Langelier, as he said in his evidence, noticed that we, Mr. Garneau and I, were surprised at that claim, that we had not formerly known. Mr. Langelier makes me say that that claim being signed by the company's engineers, by the engineers in charge, and admitted by Mr. Thom on behalf of the new syndicate up to the sum of one hundred and seventy-five thousand dollars (\$175,000) it appeared difficult to the new syndicate to get out of paying that amount, so soon as he accepted the figures up to one hundred and seventy-five thousand dollars (\$175,000). Under the momentary impression, it was natural that I should give way to that view, but I do not think that I thoroughly incurred any responsibility in the payment which might be made; it was an appretiation at first sight and an appretiation, as Mr. Langelier himself says, made when taken by surprise; but I was not prepared at that time to give an opinion upon the value of the claim and upon the opportunity or right that we had to pay.

Q. I understand that it is not a question of responsibility for you ; the whole question is to know if the facts mentioned occurred before you, whether the conversations took place and whether Mr. Langelier has been placed under the impression that that claim was disputed and whether that conversation took place in your department ?

A. That is the only conversation I remember, which took place in my presence.

Q. Where these things may have occurred ?

A. Yes. At that time, I did not know Mr. Armstrong's contract with the old company at all ; I then could not express a clear and reasonable opinion as to the value of that claim and upon the way it should be paid ; but as a matter of fact, I was not made aware of the issue of the letters of credit before their issue.

Q. Do you remember whether Mr. Langelier was told, in your presence, either in your department or in the Treasury office, that that sum of one hundred and seventy-five thousand dollars (\$175,000) would be placed to his credit in the Union Bank for the settlement of this matter ?

A. I do not think that was said in my presence.

Q. Do you not remember having told him so yourself.

A. I do not remember having told him so myself.

Q. Are you sure that you did not tell him so ?

A. I am certain.

Q. Do you remember whether on the eighth of May, before the special instructions were given to Mr. Chrysostôme Langelier respecting the payment of that claim of one hundred and seventy-five thousand dollars (\$175,000), to Mr. Armstrong, other instructions had been given to Mr. Langelier, whether he had been specially told to pay that amount in your presence ?

A. Not to my knowledge ; I am under the impression that the Commissioner gave me to understand that it was he himself who had given the instructions that were to be given to Mr. Langelier.

Q. You are under the impression that it was Mr. Garneau who gave the instructions ?

A. Mr. Garneau authorized me to say so, to declare that.

Q. That it was he who had given the instructions ?

A. That it was he who had given the instructions, who had taken all the responsibility there was to take in the matter.

Q. Did you have any conversation with Mr. Garneau respecting the Baie des () matter ?

A. I had several conversations with Mr. Garneau.

Q. Was it long after the facts you have just mentioned, after the twenty-eighth or the twenty-ninth (29) of April ?

A. Yes, as the matter only commenced to be noised about when it came before the House, and then, when the matter commenced to be noised about, Mr. Garneau, who was from Quebec, he was at Murray Bay ; I did not see him up to the end of August.

Q. When you say in the House, you mean the House at Ottawa ?

A. In the House at Ottawa.

Q. In the Senate ?

A. In the Senate.

Q. There has been no local session since ?

A. No.

Q. When these negotiations were carried on between Mr. Thom, Mr. Garneau and Mr. Armstrong, Mr. Garneau did not speak to you about them ?

A. No, Your Honour ; Mr. Garneau, as I said just a moment, carried on the negotiation himself.

Q. The whole ?

A. The whole. He treated the affair in a business way and as he is a first class business man, and not having been asked to give an opinion on the subject then under discussion, I had no occasion to give my view upon any point.

Q. But did you know at the time that Mr. Garneau was in treaty with these gentlemen, did you see these gentlemen at the department.

A. I frequently saw Mr. Thom at the Department with Mr. Garneau alone. Mr. Thom was talking with Mr. Garneau.

Q. Mr. Armstrong also ?

A. I did not see Mr. Armstrong ; I doubt even whether Mr. Armstrong ever came to the Department with Mr. Thom ; at least, I did not see him.

Q. After this matter was settled, you had knowledge of the various sums which were handed to Mr. Langelier to settle the workmen's claims ?

A. Yes, Your Honour ; many of these sums passed through my hands ; that is the treasury cheques were made payable to my order and I endorsed them in favor of Mr. Langelier.

Q. Do you remember how many cheques there were and the various amounts ?

A. From memory there was a first cheque for fifteen hundred dollars (\$1500), another for fifteen thousand dollars (\$15,000) and another for twenty-five thousand dollars (\$25,000).

Q. There were no other cheques than these three which were placed at Mr. Langelier's disposal ?

A. Not to my knowledge.

Q. These different sums were placed at Mr. Langelier's disposal out of the two hundred and eighty thousand dollars (\$280,000.00) of eighteen hundred and ninety-one, (1891), were they not ?

A. Of eighteen hundred and ninety-one (1891).

Q. Now, previously to that, there had been other sums placed at Mr. Langelier's disposal in eighteen hundred and eighty-nine (1889) and eighteen hundred and ninety (1890) ?

A. Yes.

Q. Do you remember the figures ?

A. In eighteen hundred and eighty-nine (1889) there was the balance of the subsidy which was, as far as I can remember, twenty-eight thousand and some hundred dollars. That sum Mr. Langelier distributed among different persons who had claims against the company, and he rendered an account thereof.

Q. He made a report to the department ?

A. He made a report to the department.

Q. There were other sums afterwards ?

A. There were other sums ; in eighteen hundred and ninety (1890) again another sum of twenty thousand dollars (\$20,000.00) ; he also accounted that. There is just now a discussion respecting these accounts ; there is a discussion respecting a very trifling amount between him and the secretary of railways.

A. No.

Q. For the transaction in question, that is to say, for the payment rather, you had not at the time in your department funds at your disposal?

A. No, Sir.

You could not, consequently, by proceeding in the usual way in your department, in obligations imposed by the Order in Council?

A. My department, as the Department of Public Works, had nothing to do with the transaction.

Q. I state that the Department of Public Works, as such, had nothing to do with it?

A.

It was a transaction to be settled by the Treasury and the Law Officers of the Crown.

Reply :—

Q. The payment, you mean to say?

A. Yes, the payment.

By Mr. Amyot :—

Q. You do not mean to insinuate that you were intentionally put to one side?

A. No, not in the slightest.

Q. The Honourable Mr. Garneau, your chief, acted to your knowledge, within the limits of his rights and of his duties?

A. Perfectly.

Q. It was a transaction that he settled, if I understand rightly, as Treasurer, with and according to the advice of the law officers of the Crown and with the officers of the treasury department?

A. Yes, perfectly.

Q. You knew the statute which was passed last session, the last statute respecting the Baie des Chaleurs Railway; and you know that the Order in Council No. 237 and the Order in Council No. 238, were only the carrying out of that statute?

A. Yes.

Q. Will you state when you knew that the uncontested claims should be paid at the diligence of the Government on or before the tenth of May then next?

A. The same day that the Order in Council was passed or the day before.

Q. Was that Order in Council communicated to your department shortly afterwards?

A. Yes, it was communicated.

Q. When Mr. Thom was coming, for several days, you knew that the Baie des Chaleurs matter was being considered?

A. I knew that the Baie des Chaleurs matter was being considered.

Q. You know that the Government, or several of the ministers, attached great importance to that road, and desired it to be completed?

A. Yes.

Q. Had Mr. Thom occasion to speak to you about it?

A. Mr. Thom spoke to me about it on several occasions, but not in Mr. Garneau's presence.

Q. He did not appear to be hiding himself from you?

A. Not in the slightest.

Q. Nor Mr. Garneau either?

A. No.

Q. Mr. Garneau, as Prime Minister, as Commissioner of Public Works and of the Department of Railways and as Treasurer, is the person who undertook to settle that matter?

A. Yes.

Q. Is it to your knowledge that he had procured the information necessary for his proper guidance?

A. I understood that he had all the information that he wished to have upon the legal questions and upon the points which were beyond his competence.

Q. He is generally very prudent?

A. He is a prudent man.

Q. He has confidence in you, and you have confidence in him?

A. Exactly so.

Q. Do you remember this conversation which Mr. Chrysostôme Langelier spoke of this morning, about the ninth of October, in which there has been question of the word "Orders" and "Instructions" which had been given respecting the payment? When he returned from the Baie des Chaleurs he would have met you before the minister, and there would have been some question of what had passed?

A. Yes, yes.

Q. Who was present during that conversation?

A. Mr. Langelier, Mr. Garneau and myself.

Q. You were all three present?

A. Yes.

Q. You have also spoken of a letter of the fifteenth of September, produced this morning?

A. Yes.

Q. Was it at Mr. Garneau's request that you wrote that letter?

A. No, Sir.

Q. It was at your own initiative

A. Yes, I asked Mr. Garneau's permission to establish these facts.

Q. No one had suggested it to you?

A. No, no one, it was on my own initiative, seeing the proportions the matter was taking, and being convinced that there had been error and confusion with respect to myself, I wished to establish it.

Q. You did not wish to take the responsibility?

A. I did not wish to accept a responsibility that I had not taken.

Q. Responsibility towards whom, Mr. Lesage?

A. Responsibility towards Mr. Garneau in the first instance, and towards the public.

Q. It was not a responsibility before the Houses?

A. No, towards the public, towards myself, finally. I was convinced, as I still am...

Q. I would like to understand exactly what responsibility you wish to speak of?

A. Personal responsibility on my part towards the public, towards every one, towards the House even, towards the country. I had not taken that responsibility, I had not had instructions from Mr. Garneau to that effect to communicate to Mr. Langelier, and I had not communicated them to him.

Q. You understand always that the responsibility of the department falls on the chief?

A. Assuredly, but the chief had not himself given instructions in that respect, then it could have been in same way to anticipate, to encroach upon his attributes that...

Q. You have had no knowledge that any person had accused you ?

A. I understood that a portion of certain testimony given at Ottawa had the effect of putting upon me specially that responsibility, that is the reason why I thought that I was, from a personal interest, obliged to register at least my protest. I was not without doubt, doubtless for the purpose of giving your chief more liberty in stating that it was he who was responsible ?

Certainly.

He never refused to take that responsibility ?

A. No.

Q. It was not at his suggestion ; you asked him the favor of placing in the records a statement which would prove to the House that you had nothing to do with that ?

A. No, It was not at his request that I did it, but with his permission, which is proved by the initials that he placed thereon.

The point that I would like to know is this : by that letter you do not intend to say " Commissioner took a responsibility that you would not have taken in his place "

I did not pretend to say that I was not prepared at that time to decide the question ; I did not know Mr. Armstrong's contract. I was not in a position to certify the figures which were on the documents presented to us. It was a surprise for Mr. Garneau as well as for myself, we were not at that time...from that time forward I was not mixed up in the matter.

Q. In other words it was a protection to yourself and not as a censure for the others ?

A. No, not in the slightest, it had not that character in my mind, and you know the terms upon which I am with Mr. Garneau, Mr. Garneau is an old friend.

And further the deponent saith not.

EPHRAIM ELLIOTT WEBB, of the City of Quebec, Cashier of the Union Bank of Canada, recalled and further examined :

By Hon Mr. Justice Davidson :—

Q. Look at **Exhibit No. 95**, being a cheque dated 2nd March, 1891, made to the order of E. Pacaud for the sum of \$5000.00, chargeable to account 20632 of the Caisse d'Economie Notre Dame de Quebec, and signed by Mr. Mercier, and state what stamps of your Bank appear upon it.

Exhibit is handed to witness.

A. It is stamped on the back, " Union Bank of Canada, Quebec per F. W. S." and also " For credit of Union Bank of Canada, Quebec, E. Webb, Cashier."

Q. There are no other initials of any of the officials of your Bank ?

A. No.

Q. The initials " F. W. S." are in the hand-writing of.....

A. A. F. W. Smith, our accountant.

Q. And what stamp appears on **Exhibit No. 96**, being a like cheque of Mr. Mercier, dated 4th March, 1891, for \$3,500 ?

Exhibit is handed to witness.

A. "For credit of Union Bank of Canada, Quebec, No. 2, E. Webb, Cashier."

Q. Now on **Exhibit No. 95**, two stamps appear. Is there any signification attached to the appearance of these two stamps?

A. No, I think not.

Q. Why did Mr. Smith initial the cheque **Exhibit No. 95**?

A. That is a stamp which does not appear on the other, that he has initialed. There is no signification in the initialing.

Q. What do the words "No. 2," appearing on the back of **Exhibit No. 96** mean?

A. That would be the receiving teller's stamp, No. 2 teller.

Q. Why does it not appear on **Exhibit No. 95**?

A. It is there, but it is very indistinct.

Q. You have been asked, Mr. Webb, to examine your books in order that you might be able to tell, with all possible detail, how these cheques were received by you, how paid by the Caisse d'Economie and how credited to the depositor?

A. It is impossible to place the entries in our books, for this reason, that we do not keep a current account with the Caisse d'Economie. When sending cheques to them we simply make out a slip with the amounts of the cheques—there are probably one or two or three cheques a day—and send it up by our messenger, and they issue a cheque for the total amount on their account at the Banque Nationale and return it by the messenger. So we have no account in the books, which would show in any way the connection of these cheques. I have looked into the deposit slips as far as possible, and I see no connection—no way in which these could have been received on deposit from any of our customers, so the inference is we paid them in cash over the counter, but to whom it is impossible to trace.

Q. Is that a usual transaction in your bank, to pay cheques of that kind, drawn as they are on another institution, over the counter?

A. We do so constantly.

Q. Without their being accepted?

A. Very often without their being accepted—at least when we know the parties to whom we pay it.

Q. What is your best belief as to the manner in which these cheques were handed to our bank?

A. From the appearance of the cheques, they being endorsed by Mr. Pacaud, I presume they were handed by Mr. Pacaud to the bank and cash paid for them over the counter.

Q. At once?

A. At once.

Q. Their proceeds not entering, as I understand you, into the account of Mr. Pacaud?

A. Into no account as far as I can trace.

Q. No deposit or otherwise?

A. No. The bills may have been deposited after being drawn. If these cheques were cashed, as I presume they were, the bills drawn in payment of them may have been deposited to Mr. Pacaud's credit; but there is no possible way of tracing it or identifying it in any way.

Q. Have you verified as to whether any account of Mr. Pacaud shews these amounts to be credited to him?

I looked into that also, and I could not trace any amount connected with it.

Did I understand you to say that your presentation of these cheques at the Caisse d'Economie would be accompanied by a slip of some kind?

A. If there were more cheques than one on that day, there would be a slip attached with the amounts of the different cheques, and a total given, and then the Caisse d'Economie would pay us by a cheque on the Banque Nationale.

Q. If these two cheques were alone, would there be a slip?

A. If the cheques were single, there would most likely not be a slip.

Q. You have no means of speaking as to how these cheques were paid?

A. No, I have no means of tracing them further than I have said.

Q. Would Mr. Smith be likely to know about this?

A. No, I have gone through very carefully with him to endeavor to obtain information, and it is impossible.

Q. He knows nothing of it?

A. He knows nothing of it.

By Mr. Hall:—

Q. I understand you to state, Mr. Webb, that you have no memorandum with you that you sent these two cheques Nos. 95 and 96 to the Caisse d'Economie?

A. No. We have no memorandum in our books at all. We simply send the cheques to the Caisse d'Economie whatever day they are received and they return a cheque for the whole amount of the cheques we send up that day, if there was more than one cheque.

Q. But with reference to this particular cheque, was that the only cheque you had, sent to the Caisse d'Economie on the second March on the Caisse d'Economie?

A. Well, I couldn't say that. I could not say whether that was on the 2nd March or not.

Q. Well, it is dated the 2nd March. Have you no record to show that you collected the amount of those two cheques from the Caisse d'Economie?

A. No, we have no record. The only way it could be arrived at would be to ascertain when these cheques were sent in by our bank to the Caisse d'Economie. I endeavored to do that, and they did not wish to give the information.

Q. When did you ask the Caisse d'Economie about giving that information?

A. It was on the day I received the letter from the Commission.

Q. On the 29th October?

A. I think it was the 29th, the date of this letter.

Q. These cheques would, of course, be paid by the paying teller of your bank?

A. Yes.

Q. Did you look in the paying-teller's book for the 2nd of March and the 4th or the days thereabout to see how he had paid these cheques?

A. It is impossible to trace how a cheque is paid unless the figures are on the back. I asked our paying-teller and he could not remember. There is no trace of them in his book.

Q. Would he have no entry in his cash-book that he paid them to Mr. Pacaud?

A. No. Any cheque paid in that way is handed over to the receiving-teller to be sent in to the Caisse d'Economie.

Q. Would that be an ordinary transaction, say for any one to go in with this cheque No. 95 and get the money on it without having any record kept in your books ?

A. Yes.

Q. When the paying-teller reported his cash in the evening, wouldn't he account in any way for the existence of the cheque and for a certain amount of money having been paid for it ?

A. The cheque would have been sent in to the Caisse d'Economie and a cheque received.

Q. You do not understand me. I understand if this cheque was presented to your paying-teller he would take the cheque and give five thousand dollars ?

A. Yes.

Q. Would he make any entry in his books that he had paid out \$5000 ?

A. No, he would simply hold that as a cash voucher until it was paid by the Caisse d'Economie by a cheque on the Banque Nationale.

Q. The paying-teller has to make a return of the cash taken out in the morning and the amount put in at night ?

A. Yes.

Q. Have you looked at the return he made on the 2nd or 4th March with reference to these two cheques and seen what return he made ?

A. Well, if he held them over night, he would hold them as cheques in his cash, but there would be no statement as to what cheques they were.

Q. Where would he hold the cheques, in his drawer ?

A. No, in his cash-blitter, if he held it over night ; but if it was received in time, it would probably go into the Caisse d'Economie on the same day, and then he would receive back the cheque which would represent the cash paid for that cheque.

Q. Do I understand you to say that when he paid that cheque of \$5000 he entered in his cash-book that he had paid it

A. I think not.

Q. Wouldn't he made an entry in his cash-book that he had paid \$5,000 ?

A. Well, he might in this way, debit that to the receiving-teller. He would hand over that cheque to the receiving-teller.

Q. Then the receiving-teller would give him some memorandum ?

A. He would simply credit it in his cash-book.

Q. Have you looked for the entry ?

A. Yes, I have.

Q. And you found no entry for that amount ?

A. I found no entry that I can trace for that amount. There may be other cheques included with it.

Q. Have you verified whether you got this cheque for \$5,000 on the Caisse d'Economie ?

A. No, I cannot say that.

Q. You have no entry in your books either in your paying-teller's or receiving-teller's to show when the \$5,000 were paid out and this cheque received ?

A. No ; if I can get that information, I might be able to trace the transaction further.

Q. You have looked at the deposit slips of all your customers on these dates, the 2nd and 5th, and you do not find any trace ?

A. I don't think these cheques were deposited.

Q. And you cannot find any trace that they were deposited by any other customer ?

A. No ; if they were drawn in cash, there might be an apparent deposit to some stomer ; but they have not gone in as deposits, nor have they gone in as cheques : so in at way I cannot connect them.

Hon. Mr. Justice Jetté :—

The evidence was that they had not been deposited, that they had been paid over the counter.

The Witness :—

I can state positively that these cheques were not deposited to Mr. Pacaud's account. Whether the proceeds or apparent proceeds were deposited afterwards I cannot say, but I have looked in his account for that amount, and it does not appear, so the cheques were not deposited.

Q. Does it appear on any subsequent days that a portion of these cheques were deposited ?

A. Well, I cannot trace that. Mr. Pacaud has made deposits on subsequent days, but I cannot make any connection between the deposits and the cheques. The deposits made recently after these cheques were paid shew deposits in bills.

Q. Bills of what bank and what amount ?

A. I could not say that, because we cannot trace that either.

Q. Have you got the deposit slips ?

A. No, I haven't got them here.

Q. The deposit slips that I would like to see are two on the 2nd and one on the 9th and in the Savings Department there seem to be some deposits too? Have you looked at the Savings Bank account kept by Mr. Pacaud ?

A I have.

Mr. Hall :—

I would ask that these slips be exhibited.

Hon. Mr. Justice Jetté :—

We will see as the examination proceeds.

By Mr. Hall :—

Q. Can you tell us also what amount Mr. Pacaud had to his credit in your bank, say, between the 10th May and 19th May—either in his general account or savings bank account? You might verify that at the bank, so that we will have it exactly.

A. Yes.

Q. Mr. Webb, you were asked the other day by me for a statement of the amount of notes under discount by Mr. Pacaud between the 28th February and 1st May, 1891 ?

A. Well, I have taken notes from the 30th April forward.

Q. The order was from the 28th February.

A. Well, it shews the notes discounted from the 28th February ; but there are notes that have no reference to the question here.

Statement is handed to the Commissioners for their inspection).

Q. Look at this **Exhibit No, 100** Mr. Webb, now shown you and just state whether that is a true copy of the account of Mr. Pacaud with the Union Bank from April 30th to August 18th?

A. Yes.

Mr. Hall :—

I might hand to Your Honours a memorandum of the other deposit slips referred to in the matter.

(Witness now deposits as **Exhibit 40** the original deposit slip between the Union Bank and the Banque du Peuple of date July 18th, 1891, showing bills for \$2,690.)

Q. Do I understand you that the stamp on the back of **Exhibit 96** "For credit of the Union Bank of Canada, Quebec, E. Webb, Cashier No. 2," simply indicates another teller?

A. A second teller.

Q. A second teller?

A. Yes, Sir.

By Hon. Mr Justice Davidson :—

Q. What is his name?

A. Mr. Hale.

By Mr. Hall :—

Q. Then if he was a receiving teller, wouldn't he have a deposit slip showing from whom he received that?

A. He would receive it from the paying teller and stamp it.

By Hon. Mr. Justice Davidson :—

Q. The paying teller?

A. Yes, he would receive it from the paying teller and stamp it with the stamp.

Q. None of your clerks recall this incident?

A. No.

Q. You have enquired?

A. I have enquired.

By Mr. Hall :—

Q. Wouldn't those two cheques, No. 95 and No. 96 go through the same process?

A. They apparently have gone through the same process. There is one stamp on there I don't know why it was put on. It is not necessary. The other stamp is stamped on each cheque.

By Mr. Bétique :—

Q. Will you say what is the meaning of the following endorsation on each of these cheques fyled as **Exhibits No. 95 and 96**. : "For credit of the Union Bank of Canada, E. Webb, Cashier."?

A. Simply a stamp for the protection of cheques in case, they might be lost in from one bank to the other.

Q. Would this stamp indicate that the cheques were collected by the Union Bank the Caisse d'Economie?

A. Certainly that they were collected. When the stamp was first put on of course were not collected.

Q. It indicates that the cheques were deposited with the Union Bank for collection.

A. Yes, for collection or cash.

Q. Cash? So you think now that the cheques were deposited with your Bank and they were collected from the Caisse d'Economie by your bank?

A. I think the cheques were presented to our bank for cash, and cashed by our bank and sent in to the Caisse d'Economie for redemption.

Q. What would the endorsement "E. Pacaud" on each of these cheques indicate?

A. That the funds were received by him.

Q. That is the custom when large cheques are presented to the bank to be cashed at the counter? As a rule the party to whom the cash is paid is requested to endorse the cheque?

A. Unless the cheques were previously accepted by the Caisse d'Economie we insist on it.

Q. So that this endorsement indicates that the two cheques were cashed by Mr. Pacaud from your bank?

A. Yes, in the absence of the deposit slips.

Q. Now, did you ascertain that on the 2nd of March Mr. Ernest Pacaud deposited with your bank \$4,000?

A. I couldn't say without referring to the account exactly what he deposited, but there were some deposits made to his credit.

PHILIPPE VALLIERE, of the city of Quebec, manufacturer, being sworn upon the Holy Evangelists, doth depose and say:

By Hon. Mr. Justice Jetté :—

Q. You reside in the city of Quebec?

A. Yes, Your Honour.

Q. You have been present at most of the meetings of the sittings of the Commission since the commencement of the enquiry?

A. Yes, Your Honour.

Q. You heard all the evidence that has been given?

A. Nearly all.

Q. You heard Mr. Pacaud's evidence?

A. Yes, Sir, I heard Mr. Pacaud's evidence.

Q. You endorsed, as has been stated by other witnesses, three promissory notes by Mr. Pacaud, of twenty thousand dollars each?

A. Yes, Your Honour.

Q. One which was discounted at the Banque du Peuple on the sixth of May?

A. Yes, Your Honour, somewhere about that date.

Q. And the other discounted on the fourteenth of May at the Banque Nationale.

A. Yes, Sir.

Q. And another of which the discount was refused ?

A. It was refused, yes.

Q. Was this last promissory note for twenty thousand dollars, of which the discount had been refused, destroyed in your presence ?

A. I believe so, Your Honour, destroyed by Mr. Pacaud, before me.

Q. Was that to your knowledge ?

A. He had to do so, I would have compelled him to do so.

Q. The note was of no further use ?

A. The note was of no further use, and I would have compelled him to do so.

Q. I understand that you charged five hundred dollars for your endorsement on each of these two notes, which were discounted ?

A. Yes, Your Honour.

Q. You were paid these five hundred dollars ?

A. Yes, in money.

Q. It was not by cheque ?

A. No, he drew the money and he paid me.

Q. You did not draw five hundred dollars on the third note ?

A. No, Your Honour.

Q. Will you state on what occasion Mr. Pacaud asked you for these endorsements ? What he represented to you, what reasons he gave when he asked you to endorse these notes ? these notes for twenty thousand dollars, for him ?

A. He told me that he wished to have that money to get the people paid in the Baie des Chaleurs Railway ; to get money and give it to Mr. Chrysostôme Langelier, to pay the people on the Baie des Chaleurs Railway, to the best of my knowledge ; I believe it was that that he asked me.

Q. Did he offer you any security ?

A. I had every security ; I had Mr. Chrysostôme Langelier's note attached to my notes, which I found sufficient.

Q. Was there a letter from Mr. Webb ?

A. There was a letter from Mr. Webb which guaranteed me that the Banque Nationale accepted, and that the amount would be paid to them and that they would pay me, that they would give me a guarantee. It was like that that I returned to the bank one morning and that...

Q. Did you go to assist Mr. Pacaud in obtaining the discount of these two notes for \$20,000 ? Did you go with him to the bank ?

A. I went to the bank and they were well pleased to do it.

Q. On your merely asking them you obtained it ?

A. Yes, it was for me to get my guarantees. I obtained that letter, because the cashier of the bank said to me, that I should take care. I did not want to let Mr. Pacaud get the money before having the letter. The next day—Mr. Webb had sent me the letter—and I went to bring it:.....or I believe that it was at that time that it has been said that Mr. Langelier came with me to the bank, but it was I who brought Mr. Langelier with me. We were going up to the Club. I was in Mr. Pacaud's office and I said : " Come then with Mr. Langelier, afterwards we will go to the Club." It is there that..... I do not know if I should say so.....

Q. Which of the two Mr. Langeliers?

A. The Hon. Chs Langelier. It was there that it has been said, that Mr. Chs. Langelier had promised \$50,000 of deposit to Mr. Dumoulin. That is not the case. I deny that altogether. Mr. Dumoulin asked Mr. Langelier: "Will you not see that a deposit of \$50,000 is made with me?" He said that he would see Mr. Shebyn and that if Mr. Shebyn wished... finally he had no objection, that he would try and get the deposit. Mr. Chs. Langelier told me on going out: "Are not these people a bother. They are well paid, why are they always asking me for deposits? The head office has one of the largest deposits here, why are they always on my back? That is not in my power but of Mr. Shebyn's office." That is what makes me remember the thing.

Q. Did you have any knowledge of the steps taken in Montreal to discount the third note for \$20,000?

A. I was told that they had it for discount in Montreal. I know nothing of it.

Q. Apart from what you charge for your endorsement, had you any other profit out of this negotiation?

A. Nothing.

By Mr. Casgrain:—

Q. Do you remember having made a solemn declaration in these terms:

I, Philippe Vallière, of the city of Quebec, manufacturer, do solemnly declare:

That on the occasion when I went to the Banque du Peuple, in St. Peters street, Quebec in company with Mr. Ernest Pacaud, to get a check of \$20,000 of Mr. J. Chrysostôme Langelier, in his quality of Government Commissioner, discounted, I met there Hon. Chs. Langelier, who happened to be there by accident.

That the said Hon. Chs. Langelier had nothing to do, either directly or indirectly, with the circumstances of the said cheque.

That the said Hon. Chs. Langelier never promised to obtain a deposit of \$50,000 nor any other amount in the Banque du Peuple to induce the cashier to discount the aforesaid cheque of \$20,000.

That I recollect that on that occasion, Mr. P. B. Dumoulin asked the Hon. Chs. Langelier to exert his influence with the Government to obtain a deposit for his branch of the bank, but Hon. Chs. Langelier would not promise anything. He merely said that he would do his best, but he did not bind himself to anything.

And I make this solemn declaration, conscientiously believing the same to be true, and in virtue of the act respecting extra-judicial oaths.

(Signed) P. VALLIERE.

Taken and acknowledged before me, at Quebec, this 10th September, 1891.

(Signed) ALEXANDRE CHAUVEAU, J. S. P.

A. Yes, I remember it.

Q. Do you notice the difference between that declaration and the one you have just now made respecting your meeting Mr. Langelier?

A. I met him by accident, and I brought him with me to go up to the club afterwards. I even remained outside, close to the counter, and Mr. Dumoulin came for me. He said : Do not forget to try and get the deposit for me.

Q. You state that Mr. Langelier did not go into Mr. Dumoulin's private office ?

A. Not to my knowledge.

Q. Could he have gone in without your knowledge ?

A. I do not believe so.

Q. Where did you meet Mr. Charles Langelier ?

A. In Mr. Pacaud's office.

Q. And you all three went to the bank together ?

A. I do not know whether Mr. Pacaud was there. I do not believe that it was necessary that he should be there. He was not to get the money before the letter would be given.

Q. Mr. Pacaud told you that it was to pay the men on the Baie des Chaleurs Railway ?

A. To the best of my knowledge, that is what he said.

Q. Are you certain that it was that ?

A. To the best of my knowledge it was that that he said to me.

Q. It was because he could not get the money with the Government cheque that he was doing that ?

A. I do not know, I did not interest myself in that.

Q. Did it not appear somewhat singular to you, that they should go to the bank with a cheque of an officer of the Government for \$20,000, and that they are obliged to get your endorsement to have the cheque passed for the purpose of paying men who worked on the Baie des Chaleurs Railway ?

A. No, I do not know that.

Q. Did that not appear singular to you ?

A. No.

Q. Did you believe.....

A. It is done. It is one of these things that may be done. I do not see why it could not be done in that way.

Q. Did it not appear somewhat strange to you ?

A. No.

Q. It did not astonish you at all ?

A. No.

Q. As being a somewhat singular commercial transaction ?

A. Not at all.

Q. You had already done so, I suppose ?

A. It is very probable that I had.

Q. It is very probable that you had already discounted Government cheques ?

A. If it was not for the present Government it was for other Governments.

Q. I will take you at your word. I ask you to state the circumstances under which you endorsed or got discounted cheques for other Governments than this one ?

A. I do not remember at the moment, but I have already had cheques...

Q. I ask you to answer my question ?

A. I do not remember, I cannot say at the moment.

A. I saw him nearly every day.

Q. Did Mr. Thom make any representations to you?

A. About in the same sense.

Q. Did you see Mr. Armstrong respecting this negotiation?

A. No, I never saw him, I never saw him to converse with him about the matter.

Q. He did not speak to you about it?

A. He did not speak to me, nor I to him.

Q. Did you learn that Mr. Pacaud had an interest in the settlement of this matter?

A. No. I learned it from the newspapers and the Senate enquiry.

Q. But at the time?

A. Not at all. I have no doubt about that.

Q. You had not the slightest suspicion that he was interested, from the way in which he was acting to get the letters of credit issued?

A. I did not think that he was working altogether for nothing. I always believed that he represented the Thom syndicate. I never believed that he represented Mr. Armstrong. The way he spoke rather showed that he was assisting the Thom syndicate. I believe that he either made or assisted in making the business, and I believe, that he represented Mr. Thom, the new syndicate; and from his way of speaking, I was authorized to draw that conclusion.

Q. Did Mr. Pacaud often go to you with Mr. Thom?

A. I do not believe that they ever came to the office together. We sat in the office sometimes twice a day, for several days, we reached the buildings, our offices, at the time of the opening of the Council, and we for the most part met in the office of Mr. Thom. Sometimes we happened to come to the buildings together, but I had no special intention to speak of myself,—he had some with Mr. Garneau, but with me he never had.

Q. Then the first time that you heard it stated that Mr. Pacaud had an interest in the matter was after the whole matter was finished?

A. Yes, Your Honour.

Q. It was from the revelations made before the Senate?

A. It was from the newspapers and the Senate enquiry solely. I do not know whether the newspapers spoke of it before the Senate enquiry, I cannot say, but it was about that time.

Q. Was it from the newspapers you learned it, or did some one speak to you about it?

A. It was from the rumours in the newspapers and the Senate enquiry.

Q. Had you any reason to suspect, at the time, what was the extent of the interest which Mr. Pacaud might have in the matter when you saw the revelations in the newspapers; could you have suspected before that Mr. Pacaud had such a large interest in the matter?

A. None at all. I began to have an idea of the thing... I finished, I only came to know of it since the revelations in the newspapers until to-day.

Q. There was a declaration made here, and I ask you the question so that you may explain, if you wish to, respecting a sum of \$100 which was paid for you by Mr. Thom as your entrance fee to the Union Club?

A. I was going to ask for permission to give some explanations respecting this matter, but I always refused to belong to the Union Club, because I did not then have and I do not now have the means to belong to it. I positively refused, because I was asked—others for

asked me and I refused. The Hon. Mr. Garneau's son, one of the founders of the Club, one of those who took most interest in it, told me: we want to have all the ministers, we will have you in spite of yourself. I said: I will not pay, I am not able to pay, he said: we will see to that. They proposed me against my will, they elected me against my will. I received my account, which I handed to my secretary, telling him to put it in the waste paper basket, that I could not pay it. Some days afterwards again I received my receipt, not knowing whence it came. I thought that it came from Mr. Garneau, and I did not learn until the 11th of October that it was Mr. Pacaud who had paid it out of the \$100,000. On learning it, if I had the money, I would perhaps have returned it, but I did not have the money and I have not it yet; and if the Club would return me the money, I would give it back to the person who had paid for me; but I believe that they will not do it. It is materially impossible for me as it was then to pay that amount.

Q. You are speaking of Mr. Edouard Garneau?

A. Yes, the Honourable Mr. Garneau's son.

By Mr. Casgrain:—

Q. But Mr. Duhamel, you go to the Club?

A. Yes.

Q. You go there still?

A. Yes.

Q. You stated a moment ago, that you really thought that Mr. Pacaud was not working for nothing,

A. Certainly.

Q. Do you know for about what rate he was working.

A. No, I did not know for what rate he was working, as I do not know for what you yourself are working as advocate.

Q. You thought that Mr. Pacaud was as an advocate?

A. Yes.

Q. You are well aware that he is not practising as an advocate?

A. He does not usually practice, but it has happened that I have practised myself since I am a minister.

Q. Your positions are not altogether the same? You know that Mr. Pacaud is a journalist and very much engaged as a journalist?

A. He is a journalist.

Q. Is it not true, that from what you know, all Mr. Pacaud's practice as an advocate consists in advocating certain claims against the Government of the Province of Quebec?

A. I do not know that at all.

Q. Now you stated that on that occasion you really thought that he was not working for nothing, was it because you had already had experience that in other matters Mr. Pacaud...

A. I never said that.

Q. I ask you?

A. No. I do not believe it either. I have nothing that would authorize me in stating that.

Q. Did you never notice that Mr. Pacaud was so practising?

A. No, I saw that Mr. Pacaud was engaged in politics, but I never noticed that he was practising in the sense you ask me.

Q. You know that he busied himself in advocating claims of those who had business with the Government?

A. I myself in my department.

Q. In what way?

A. In the duties as minister, you occupy the same position in my department as I.

Q. Could you explain yourself?

A. As the Attorney General in a case in my department.

Q. As the private party who is obliged to make use of the name of the Minister to take a writ of *scire facias*?

Hon. Mr. Justice Jetté :—

Q. Do you understand that Mr. Duhamel stated that you were looked upon with as much favor?

By Mr. Ouagrain :—

Q. How long did you remain in Mr. Machin's office?

A. I perhaps remained there two minutes.

Q. And if a witness has said that you remained there half an hour?

A. He may have been mistaken.

Q. Would you be mistaken or the witnesses?

A. It is certain that if the witnesses say that, they are mistaken.

Q. The thanks which Mr. Thom gave you had reference to the hunting permit?

A. That was it.

Q. Was this hunting permit for the purpose of hunting beaver or moose?

A. I cannot say, it was perhaps for moose.

Q. Will you take communication of the letter **Exhibit No. 24**, and state if you have ever seen that letter before?

A. I saw that letter in the Council, but since the enquiry has commenced.

Q. You did not see it, when Mr. Thom returned it to Mr. Garneau?

A. No.

Q. You had not seen it?

A. No.

Q. You did not contribute to its drafting?

A. No.

Q. Do you know the writing in the letter?

A. No, I do not know the writing.

By Mr. Beique :—

Q. Did you receive any promise from Mr. Pacaud or others, from Mr. Thom or Mr. Armstrong, or from others, or did you receive any favor in connection with this matter of the Baie des Chaleurs?

A. None whatever, outside the matter of the one hundred dollars in question, which were without my knowledge, and which I could not prevent.

Q. Which was done without your knowledge?

A. Yes.

Q. Without your knowledge?

A. Without my knowing it. I only knew of it on the eleventh of October last. Apart from that, I received nothing either directly or indirectly, either, in promises or commercial paper, or money from any one whomsoever.

And further the deponent saith not.

ACHILLE F. CARRIER, of the city of Quebec, advocate and member, being duly sworn up on the Holy Evangelistes, doth depose and say :

(The witness is examined at his own request).

By Hon. Mr. Justice Jetté :—

Q I find in the statements produced by Mr. Pacaud, item 88-5, of the 8th of May, a promissory note paid for you for the sum of \$400 ; item 88-22, of the 15th of May, a sum of \$150, paid as being a debt to Mr. Desbarats ; and item 86-13, of the 29th May, a promissory note paid for the sum of \$400, which would make in all a total of \$950, which you have received from Mr. Pacaud. You expressed a wish to make a declaration respecting these three items. We are prepared to hear you.

A. I must state that I never received anything from Mr. Pacaud. This is what occurred. Since I have known Mr. Pacaud, with whom I am on the most intimate terms for a number of years, I have often had occasion to ask Mr. Pacaud, as I have also asked others of my friends and specially Mr. Langelier, to endorse notes for me when I was in want of money. The first note, that of \$400 was to become due on the 6th of May at the Banque du Peuple. During the last days of April, I was leaving for New York, intending to remain there for two or three weeks. I went to Mr. Pacaud and asked him if he would renew the note. He said : " It is not necessary. If you do not want to pay it now, I will probably be in funds in a few days, I will pay the note and you will owe it to me." I said : " It is absolutely the same thing for me. I am ready to renew it if you wish." He said : " On your return we will settle that." I left for New York when, I returned in the beginning of May.

On my return he told me that he had paid the note, and that I owed it to him. Sometime after this note was made.....previous to the sixth of May, in the month of March, I again asked Mr. Pacaud, after returning from a trip to New York, where I had perhaps spent more money than I liked, to endorse two notes of \$200 for me. He did so, and when the notes became due, on the 29th May, I offered to Mr. Pacaud if he wished to renew them. He said : Carrier, I do not want my name on any note in any bank. You know that I have for a long time wanted to go to Europe, I believe I will go soon. I will pay that note and keep it, and when you are in funds or when I want money, you will repay me. He said : do not inconvenience yourself, if you want that money, you will pay me later, in the autumn, I said : that is all right. The other note for \$150, I did not know until the evening that Mr. Pacaud made his deposition, that he had paid that to Mr. Desbarats, and I reproached him for having done it, and I told him that I would pay him the next day, and I paid it. I considered that I did not owe that sum to Mr. Desbarats, and I regretted that he had paid it for me, although Mr. Desbarats had my note. This question of notes had nothing to do with the Baie des Chaleurs matter. I did not know even that Mr. Pacaud was interesting himself in the Baie des Chaleurs matter. I did not know that he had made a cent out of that, before seeing the *Chronicle* report that Mr. Pacaud had

received money in that Baie des Chaleurs matter. Mr Pacaud made no gift to me, he lent me his name as he had often done. Even in 1881, when I was a law student, the two Langeliers, who are my personal friends as they are my political friends, had done so for me. I am not rich and I am often obliged to have recourse to my friends, and I hope that they will help me again if necessary. At the present moment I have a note at the bank endorsed by Mr. Langelier.

When I stated that I did not owe Mr. Desbarats, here is the explanation: I had acted as his lawyer and he had never paid me. He was menaced with dismissal from his employment as a Government employee, and I consider that I had done my duty in defending him, and he kept his position.

By Mr. Béique:—

Q. You were not a member when you rendered this service to Mr. Desbarats?

A. No. It was in 1888, and I was elected member on the 21st July, 1890. I acted for Mr. Desbarats in November, 1888.

And further the deponent saith not.

GILBERT MIVILLE DESCHÈNES, of the city of Quebec, advocate and member, being duly sworn upon the Holy Evangelists, doth depose and say:—

(This witness is examined at his own request.)

Hon. Mr. Justice Jetté:—

Q. You are a member of the Legislative Assembly?

A. Yes, since 1886.

Q. For what county?

A. For the county of l'Islet.

Q. We find in the statements of account produced by Mr. Pacaud an item No. 88-17 of the 18th May last, which sets out that a promissory note for \$150 due by you was paid by him. Have you any explanation that you wish to give respecting that entry?

A. The note for \$150 was paid by Mr. Pacaud. As stated by Mr. Pacaud in his deposition, we have been personal friends since 1880, and I do believe that I do not boast when I state that since 1883, when I was received as an advocate, I had made the contests for the Liberal party in the district of Quebec and elsewhere, Mr. Pacaud endorsed a note for me it was renewed. I am not sure whether it was renewed when it became due. Mr. Pacaud renewed the note, and as the cashier of the bank stated Mr. Pacaud received the proceeds of the renewal note. Mr. Pacaud made the second note. I did not know even that Mr. Pacaud had paid the note at all. I did not wish to settle the note, and I will not settle it so long as I have not received an account from Mr. Pacaud, in a certain case in which Messrs. Casgrain & Angers were attorneys for Mr. Lavery, who had acted as revisor against Messrs. Belleau & Co., in which Messrs. Belleau & Co. had entrusted the defence to the firm of advocates of which I am a member, and in which was concerned a case in which witnesses from the county of l'Islet, of a parish of my county, had come up without subpoenas on the faith of my word, and the witnesses are not yet paid. I consider myself personally liable towards those witnesses. When I shall have settled that case with Mr. Pacaud I will pay him the balance, if I owe him any. I swear in the most positive and most solemn

anner. that I never knew of the Baie des Chaleurs matter, except through the newspapers, and I swear that I never knew that the money to pay that note came from the Baie des Chaleurs matter. I have already had business matters with Mr. Pacaud, and I have settled them as I should have done. I swear in the most positive and solemn manner that I never knew of that matter nor of many others of which he is now accused. That is the declaration that I had to make.

And further the deponent saith not.

At four o'clock, P. M., the Commission adjourned to the fourth day of November, at 10 A. M.

J. BÉLANGER,
Clerk of the Commission.

D.A.
 QUEBEC,
 4th November, 1891.

ROYAL COMMISSION

—ued under the Great Seal of the Province, constituting and appointing the Honourable
 L. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY
 of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge
 Superior Court, Commissioners to inquire into and report on the facts and circum-
 stances which preceded, accompanied, caused and followed the transactions made under the
 4 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

18th SITTING.

Wednesday, the 4th November, in the year of Our Lord one thousand eight hundred
 & ninety-one.

PRESENT.

The Honourable Mr. Justice LOUIS A. JETTÉ, President,
 " " LOUIS FRANÇOIS GEORGES BABY,
 " " CHARLES PEERS DAVIDSON,

Commissioners

The undersigned apply to the commission for an order to :

The Great North Western Telegraph company, to the Canadian Pacific Railway Telegraph
 company for the production of all the telegrams and messages sent and exchanged between
 Ernest Pacaud and the Honourable Messrs. Robidoux and Cha. Langelier, or any of them,
 or sent by these latter to the said Ernest Pacaud during the months of March and April,
 one thousand eight hundred and ninety-one.

(Signed) JOHN S. HALL, Jr., Q. C.,
 THS. CHASE CASGRAIN, Q. C.

Quebec, 4th November, 1891.

ORDER.

4th November, 1891.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President,
 " " " " LOUIS FRANÇOIS GEORGES BABY,
 " " " " CHARLES PEERS DAVIDSON,

Commissioners.

It is ordered on the application of Messrs. J. S. Hall and T. Chase Casgrain, that the *Can-
 adian Pacific Railway Telegraph Company* and the *Great North Western Telegraph Company* do
 produce all telegrams and messages sent and exchanged by Ernest Pacaud to the Hon. Messrs.
 Robidoux and Cha. Langelier, or any of them, or sent by these latter to the said Ernest
 Pacaud, during the months of March and April, one thousand eight hundred and ninety-
 one.

PHILIPPE VALLIERE, of Quebec, manufacturer, again appeared and continued his deposition as follows :

By Mr. Casgrain :—

Q. Mr. Vallière, I asked you the following question : You had been at the bank ; Mr Pacaud was the holder of a cheque signed by J. C. Langelier, Commissioner, and to have that cheque passed, Mr. Pacaud gave his note for twenty thousand dollars (\$20,000), an amount corresponding to the cheque in question, and you endorsed it, and I asked you if you had not found that to be a singular transaction. You answered me no, as Mr. Pacaud had told you that it was to pay the men on the Baie des Chaleurs Railway, the workmen on the Baie des Chaleurs Railway ; now you stated that that did not appear singular to you, as you already had done so, and among others under other Governments, than the Mercier Government ; I wish you would show under what circumstances you did so under other Governments than the Mercier Government.

A. I understood you had asked me if I had found a transaction like that to be extraordinary, that letters of credit were given to secure promissory notes ; is it not that ?

Q. It is not that ?

A. Well, that is what I understood, and I found that it was not extraordinary, because I had a letter of credit which guaranteed me that the note would be paid by a letter which Mr. Chrysostôme Langelier had given ; I had forbidden giving the money to Mr. Pacaud, before I had that letter of credit. There was nothing extraordinary in having a letter of credit from the Government.

Q. That was not it at all ; the singularity of the transaction was that a Government cheque required before being discounted to be endorsed by Mr. Vallière ?

Hon. Mr. Justice Jetté :—

I must say Mr. Casgrain, that we did not find that the question was of any importance for the enquiry which we have to make ; but, in justice to you, as the answer of the witness might have given it to be understood, that the same transaction had been made under another Government, we did not think it necessary to intervene.

Mr. Casgrain :—

What I understood from Mr. Vallière was that he stated that he did not find the transaction an extraordinary one as he had already done the same thing or something of the same kind previously, that is, that he already had letters of credit or other Government paper, or that he had already discounted...

The Witness :—

I would not have discounted Mr. Pacaud's cheque without having Mr. Chrysostôme Langelier's guarantee. The cashier said to me : " Get it before discounting." With a letter from the Government there is no difficulty, and with the other Governments, I have already obtained money on letters of credit, and I could obtain some on one I have now here in hand.

Mr. Casgrain :—

I would ask, Mr. Vallière to produce that document.

The Witness :—

I can not produce it, I want it.

Mr. Casgrain :—

read it.

witness declaring that it would be difficult for him to read the document. Mr. Bérubé reads it as follows :

MINISTER'S OFFICE—PUBLIC WORKS.

10th February, 1891.

If you are in a position to require money soon, I suppose that you can raise some the Order in Council in question.

HECTOR LANGEVIN.

The Witness :—

That is a letter of credit, I consider it to be a letter of credit, which was given to me in January.

By Mr. Casgrain :—

Q. Eighteen hundred and ninety-one (1891) ?

A. Eighteen hundred and ninety-one (1891).

By Mr. Bériquet :—

Q. For the sum of one thousand and eighty-seven dollars (\$1,087) ?

A. For a claim that I had. There was no money, and I was given that Order in Council to raise one thousand and eighty-seven dollars (\$1,087).

By Mr. Casgrain :—

Q. It was an Order in Council ?

A. It was an Order in Council, and with that Order in Council I can raise the money as with Mr. Chrysostôme Langelier's Order in Council.

A. You do not seize the difference there is between an Order in Council allowing a certain sum of money and a letter of credit such as those which were issued in this instance.

Q. Notice, that it is an Order in Council which was not voted, the money was not voted, it was to have been voted at the last session of Parliament ?

A. That is a letter of credit, the money was to have been voted at the last session, it was voted ; I got it collected and I have not been paid yet.

Q. Mr. Vallière, you know that an Order in Council is of no value until it is approved by the Governor General, when it concerns the Federal Government ? You know that, do you not ?

A. Well, if the Government did not vote the money, I would not have any ?

Q. That is not the question. Do you know that an Order in Council can have no effect at all until it is approved by the Governor ? It would not be extraordinary if you did not know it, and I would not blame you if you did not, as ordinary mortals do not know it ?

A. I have not studied the question, but when there are orders like that, I do not refuse them.

Q. Now, do you know the difference between a letter of credit issued by a Government and an Order in Council?

A. There must be a difference, I suppose.

Q. You produce that Order in Council?

A. No, I do not produce it, I can read it if you like.

By Mr. Beique :—

Q. Will you read that Order in Council to which you refer?

A. It is in English.

Mr. Béique :—

What I wish to have established is this : (reading the document which was handed to him by the witness).

“The minister further recommends, should the said offer be accepted by Mr. Vallière, that a similar sum be included in the supplementary estimates for 1890 and 1891, to be laid before the Parliament at his next session.”

That is what I call a letter of credit.

Hon. Mr. Justice Baby :—

That is not a letter of credit, Mr. Béique.

Mr. Béique :—

Perhaps I do not understand what is a letter of credit.

Hon. Mr. Justice Baby :—

If often happens that claims are presented against the Government for which no credit available ; then, it is placed in the supplementary estimates.

Mr. Béique :—

Exactly, that is exactly what I understand to be a letter of credit. I understand that is letter of credit.....

Hon. Mr. Justice Baby :—

I do not know why we have gone into that ; I ask myself why we have gone into this, it will lead to nothing.

Mr. Béique :—

I understand that letters of credit are issued when the estimates have not been voted and that certain unforeseen wants present themselves and they must be provided for ; the appropriation not having been voted by the House, these wants must be provided by means of letters of credit.

Hon. Mr. Justice Baby :—

By a special warrant ; that is altogether different ; a letter of credit and a special warrant are two altogether different things.

Mr. Béique :—

In any case, the letter of credit is a promise on behalf of the Government to pay at a future date a sum which must be placed at the disposal of the Government.

Mr. Hall :—

Am I to understand that the Order in Council, or a copy of it, is not to be produced?

Hon. Mr. Justice Jetté :—

Mr. Béique has read the part which will go into the testimony of Mr. Vallière.

By Mr. Béique :—

I do not want to have the Order in Council placed before the Commission, even that part of it, if my learned friend objects. I will ask that that letter be produced.

Hon. Mr. Justice Jetté :—

Produce both documents, we will judge of them ourselves.

Mr. Béique :—

Q. Mr. Vallière, will you produce the letter of which you just now gave an extract?

A. I produce that letter signed by Sir Hector Langevin, dated the 10th of February, eighteen hundred and ninety-one (1891), as **Exhibit No. 166**, and I produce as **Exhibit No. 167**, copy of the Order in Council to which reference is made in the letter.

Q. Did you, Mr. Vallière, apply to a bank to realize the amount which is mentioned in that Order in Council?

A. The Banque du Peuple tried to collect it for me; they said they were going to send a cheque; that was on the twenty-sixth of September, and I have not yet received the cheque. I might easily have got the money from the bank for it, I was offered the money, but I did not want it.

Q. Now, Mr. Vallière, in your experience, is it an unusual thing for letters of credit to be issued by the departments? Have you had occasion to get them from other Governments than the Mercier Government?

Mr. Casgrain :—

I object to the question for two reasons. It is evident to the Commission that Mr. Vallière cannot make the distinction and I do not blame him,—between a letter of credit and another document which is perfectly regular; consequently, he is not competent to state whether he has received letters of credit from this Government or from other Governments.

Hon. Mr. Justice Baby :—

It was you who went into this.

By Mr. Casgrain :—

I beg Your Honour's pardon, it is the witness who went into it. I asked him if he found that the transaction he was making extraordinary, then he said. No, because I had

with other Governments. The question which naturally came to me and one that I do not keep putting to the witness was this: Well! prove your statement and show me an action of that nature under an other Government. It was a perfectly legitimate question and I could not help myself from doing it. Now, after the witness has answered the question in a way to convince the Commission that he does not know the difference between an Order in Council and a letter of credit, he is asked; "Have you already received a letter of credit from other Governments." I believe in the first place that we would be going into matters that may carry us far and afterwards, that Mr. Vallière, having shown the Commission that he does not know the difference between the two, is not a competent

n. Mr. Justice Jetté :—

I regret that the question has been put; however, as we have, in spite of ourselves, gone into matters that we think altogether foreign to the enquiry, we would be disposed to answer the question if it was put in general terms without making any distinction, and we would be disposed not to allow you to go further. Mr. Béique, and not to specify. Your question is only a repetition of the question by Mr. Casgrain yesterday: If Mr. Vallière had letters of credit which he discounted for other Governments than the present Provincial Government. We would prefer it to be in the most general terms so as to include even the present Provincial Government.

. Béique :—

I will adopt Your Honour's suggestion.

Will you state whether in your experience, the issue of a letter of credit such as that of which your endorsement of Mr. Pacaud's promissory note was guaranteed, is an optional matter or if it is not habitual enough?

Well, I have been thirty years working for the Government; for the past twelve to fifteen years I have not required any letters from the Government to get what I wanted; in fact I did not ask for it; but I know it is the custom to give letters of credit, and I may have seen some for other matters done in the Governments. For example, a person has a lot of money for the sum of five or six hundred dollars; there is no money voted; an acknowledgment is given him so that after the money is voted he will be paid.

For myself, I have not required a letter of credit; but when I worked at finishing the Government offices, when there was no money voted, if I had asked a Government for a loan to have a certain sum at a bank, there could have been no difficulty, I would have obtained it, that is my opinion.

Now, Mr. Vallière, you stated, yesterday, that you endorsed three promissory notes of Mr. Pacaud?

Yes, Sir.

One of these notes was discounted at the Banque du Peuple?

Yes, Sir.

You stated, I believe, Sir, that you went twice at the Banque du Peuple about that

I went once, and Mr. Dumoulin accepted it immediately; but Mr. Dumoulin told me that I should have an acknowledgment from Mr. Webb, stating that he

would undertake to pay the note as soon as the Government had paid Mr. Chrysostome Langelier's letter of credit attached to my note.

Q. As your guarantee ?

A. As my guarantee ; Thereupon, I told Mr. Dumoulin not to let Mr. Pacaud have the money before I had that ?

Q. In that first interview Mr. Dumoulin consented to discount Mr. Pacaud's note endorsed by you ?

A. Yes, certainly ; I have a credit of seventy five thousand dollars (\$75,000) I could have got the money at once if I had wished.

Q. When, Mr. Dumoulin, so consented to discount Mr. Pacaud's note endorsed by you for the sum of twenty thousand dollars (\$20,000), was Mr. Charles Langelier present ?

A. No.

Q. He was not there ?

A. No.

Q. You are very sure ?

A. I am very sure.

Q. It was not until the next day ?

A. It was not until the next day that I brought him with me.

Q. He was there altogether by accident ?

A. He was in Mr. Pacaud's office, I said to him ; come with me, we will go to the Club together.

Q. Why did you go to the Banque du Peuple on that occasion ?

A. To give Mr. Dumoulin the letter which I had received from Mr. Webb.

Q. And to tell him that he might give the money to Mr. Pacaud ?

A. To tell him he could give the money to Mr. Pacaud.

Q. Had Mr. Chas. Langelier any knowledge of that conversation ?

A. No, because he was outside. Mr. Dumoulin went out afterwards to ask him not to forget him.

Q. He was in the vestibule ?

A. He was in the vestibule.

Q. And told you what had passed respecting the deposit which Mr. Dumoulin asked for ?

A. Yes.

Q. And you said, I believe, that Mr. Chas. Langelier did not promise a deposit ?

A. He did not promise. When we were outside Mr. Langelier remarked to me that it was tiresome for those people to be always asking the same thing, that the head office had the largest deposit, and that the agency expected still another ; that it was tiresome for him ; that he could not do that without asking Mr. Shebyn to be good enough to do it ; that it was not within his competence.

And further deponent saith not.

CHARLES N. ARMSTRONG, recalled, testified as follows :

By Hon. Mr. Justice Davidson :—

Q. What sections in respect to miles do sections A, E, F, G, H, J, K, and K, L, M, N, represent as mentioned in Exhibit No. 3 ?

A. Section A, E, is the first twenty miles : section F represents miles 20 to 30 : G miles 30 to 40 ; H miles 40 to 50 ; J miles 50 to 60 : K miles 60 to 70 : L, M and H miles 70 to 100. The " H " here should be " N ".

(The Commission puts on record as **Exhibit 168** a certified copy of an agreement between Her Majesty and the Baie des Chaleurs Railway Company, re subsidy for a railway from Metapedia, eastward, to Paspebiac for 20 miles, dated 17th of December, 1885.

Also **Exhibit 169**, being an agreement between the Baie des Chaleurs Railway Company and Her Majesty Queen Victoria as to subsidies for constructing 80 miles of railway from a point 20 miles eastward from Metapedia, on the Intercolonial Railway, dated 20th of December, 1885.

Also **Exhibit 170**, being a certified copy of the provisional agreement between the Baie des Chaleurs Railway Company and Her Majesty, permitting the company to build 30 miles between the 40th and 70th of their railway, from Metapedia to Paspebiac, in lieu of the last 30 miles, for \$96,000. under 56 Victoria, Chap. 5, of date the 2nd of June, 1889.

Q. Is the document now shown you, dated 9th of June, 1886, a copy of the contract or agreement between the Baie des Chaleurs Railway Company and yourself ?

A. Yes, I identified that at Ottawa. (It is fyled as **Exhibit No. 171**).

Q. Is the agreement now shown you, purporting to be a copy of the contract with Henry MacFarlane, dated the 8th day of June, 1888, a true copy of the contract made between you and MacFarlane ?

A. I believe it to be a true copy..... I now wish to fyle some accounts,— accounts I was asked to produce in my examination previously. I took a memorandum of them at the time. The first one is a statement showing the amount of work done up to different dates, and the amounts of payments made on account of that work on these different dates fyled as **Exhibit No. 173**. The next is a statement of the payments made by the Dominion Government on account of subsidies, voted by them, fyled as **Exhibit No. 174**. Also a statement of the payments made by the Quebec Government on account of subsidies, fyled as **Exhibit No. 175**. Statement of transfers of subsidies and payments made by the Baie des Chaleurs Railway Company, fyled as **Exhibit No. 176**. Statement of comparative cost of each section of the line by ten miles sections, fyled as **Exhibit No. 177**. I have also here some statements you asked me to prepare that evening.

Q. You can state what they are ?

A. This is a statement of the payments made on each section by the two Governments,—the total payments,—filed as **Exhibit No. 178**. The next is a statement of the subsidies granted by sections by the two Governments, and a memorandum of the acts referred to, filed as **Exhibit No. 179**. This forms a total of \$680,000 from the Local Government and \$620,000 from the Federal Government, making \$1,300,000, without counting the special grant of 800,000 acres of land converted into cash.

Q. That includes the Cascapedia bridge?

A. Yes, Sir.

Q. Over how many miles?

A. 100 miles. The memorandum I have made is as follows:

The Federal subsidies were a special vote of \$300,000 to build a 20 mile branch of the Intercolonial, commencing at Metapedia. The amount proving insufficient, this vote was transferred to the Baie des Chaleurs Railway Company, on condition of their constructing 20 miles. In addition, an ordinary grant of \$3,200 per mile was voted for 100 miles of the line.

Owing to a special grant on the first 20 miles, the \$3,200 per mile on this section were paid only on completion of the next 20 miles, (20 to 40), making a payment of \$6,400 per mile on these twenty miles. The company afterwards applied for the subsidy on the last 30 miles (70 to 100), doubled back on the previous 30 miles (40 to 70), which was done making the subsidy on these 80 miles (40 to 70) also of \$6,400 per mile, the company undertaking to complete the last 30 miles (70 to 100) without subsidy. The Quebec subsidy was a vote of 10,000 acres of land per mile, for 180 miles, which was converted into cash at 70 cents per acre, of which 35 cents per acre is to be paid on each section of the line as constructed. This made a cash subsidy of \$3,500 per mile for 180 miles. Subsequently, a cash payment of 35 cents per acre on the last 80 miles of the line (100 to 180) was applied to the preceding miles, 20 to 100, making a cash payment of \$7,000 per mile, and the deferred or second 35 cents on miles 20 to 100 were applied to miles 100 to 180. A special grant of 800,000 acres of land, converted according to the terms of the conversion act, realized \$280,000 in cash, and the second 35 cents per acre would form another sum of \$280,000, if ever paid. The acts referring to the granting of these subsidies are:

Federal: 46 Victoria, chap. 25.

“ 47 “ “ 8.

“ 49 “ “ 17.

Local: 45 “ “ 23.

“ 49-50 “ “ 76.

“ 51-52 “ “ 91.

“ 54 “ “ 88.

Q. What, if any, conversation took place between you and Mr. Pacaud as to the state-

ent made by him to Mr. Garneau with reference to any instructions left by Mr. Mercier, as to the pressure that he had exerted in connection with the matter?

A. Mr. Pacaud told me, that owing to the delay in getting the matter finally settled, he had spoken to Mr. Garneau about it, and told him he was very anxious to see the thing through, as Mr. Mercier had asked him specially to have the thing ready, as he wanted to see the men put on and the work going on before he got back from England.

Q. What, if anything, was said about a cable?

A. He gave me to understand that he had told Mr. Garneau that if the thing was not settled at once he would feel obliged to cable Mr. Mercier about it.

Q. Referring to your account, please state what is the difference between the price you charged for the work and the price paid?

A. My contract did not fix any schedule of prices at all. It was a general contract at the rate of \$20,000 per mile. There was no special price for any class of work at all. There was an agreement after the contract was made. It was found impossible to give an estimate for a contract unless some basis of prices was agreed upon for each class of work. There is amongst the Senate papers a list of the prices, and that is exhibit No. 90 of the Senate, page 374.

Q. Have you a copy of that?

A. I have at home. I could file another copy. This is the copy I filed at Ottawa. It is a letter press copy of the original which I will now file as **Exhibit No. 180**.

Q. Will you refer to items 86-18 and 89-8, dated June 16th and July 21st, representing the payment by Mr. Pacaud of two sums of \$1,000 on your account. Can you give some explanation in respect to those payments?

A. Mr. Pacaud had been arranging for me a discount in connexion with another railway, having nothing to do with this at all, a matter of some \$14,700. He had told me he would get the matter through by a certain date. I had been going on with the work in anticipation of getting the money, and a short time after Mr. Pacaud advised me it could not be done as soon as he expected. I met him in Montreal a few days after that, and asked him to obtain an advance of a portion of the amount. I suggested that he would accept a draft for me for a couple of thousand dollars, and he accepted my draft for \$2,000. He did not discount the draft, but simply used it as collateral for my own note, and when it came due Mr. Pacaud paid \$1,000 of it, and I drew again on him, at maturity, for the other thousand. It had no connection with the Baie des Chaleurs Railway at all.

Q. What were the dates of these drafts?

A. The original draft was dated on the 13th of May, this year; the second one would be about a month after that,—the 15th of June,—the one for \$1,000. I think they have been put in here as exhibits by Mr. Pacaud himself.

Q. When was the consent given by Mr. Pacaud to you that he would accept this draft?

A. He accepted it at the time that I asked him, in Montreal, on the 12th of May last. It is the draft for \$2,000. The other one was, I believe, sent through the bank.

Q. Where did this conversation take place?

A. At the Windsor Hotel, in Montreal.

Q. Had this transaction any connection with the following evidence of Mr. Thom appears upon page 180 of the Senate report :—

“ Q. What was it ?

“ A. Previous to this closing of this contract, Mr. Armstrong came to me and asked me to accept an order in favor of some bank in Quebec,—I do not remember the name for either forty-six or thirty-six hundred dollars. I objected to that, for the reason that I had not decided to go into the contract. I asked him what it was for, and he told me it was for a debt due to Mr. Pacaud and this bank. He had negotiated a subsidy through Mr. Pacaud for forty-five or fifty-four thousand dollars. I thought I had better not accept a matter of business, and refused to accept it. The day after, the bank manager came upon me and asked me to accept it.

“ Q. A bank in Quebec ?

“ A. Yes.

“ Q. What bank ?

“ A. I cannot say. I declined to accept it. A few days after that Mr. Pacaud came and asked me if I would not accept this from Mr. Armstrong; that I was likely to go through with the contract; that the matter was closed, he had heard; and I said I would not accept any order.”

A. That was an entirely different transaction. The one Mr. Thom refers to, there was a discount arranged the previous year at the Union Bank, here in Quebec. The amount of the order which Mr. Thom was asked to accept was for interest upon advances already made, and had nothing to do with the Baie des Chaleurs Railway Company at all.

Q. This evidence has been confirmed by Mr. Thom in his testimony taken before the Commission, and you will notice that the application was based upon a contract supposed to have been closed between the present company and the Government ?

A. When Mr. Webb and Mr. Pacaud asked to have that order accepted, the matter had not been finally closed by the Quebec Government, here.

Q. But you will notice that the basis of the application was the negotiation then pending to a close between the Government and the new company ?

A. I believe it is quite likely that the Order in Council had been passed, but the money was not paid. It was during the time we were both in Quebec. I could not say the exact date. I know Mr. Webb was very pressing to have the order accepted, but there is no connection with that at all and the \$2,000 transaction.

Q. On page 437 of the evidence, Mr. Pacaud speaks of an interview had with you in Montreal, at which you accompanied him to the bank for an answer to an application for a discount of one of the twenty thousand dollar checks. As that interview has not been referred to in your previous evidence, you will state what occurred ?

A. I didn't go into the bank with him at all. I stopped outside. I didn't know what his object was in going to the bank, excepting that he was expecting to get an answer about a discount. I didn't know it had any reference to the twenty thousand dollar check you speak of.

Q. Where had you met him ?

A. At the Windsor Hotel.

Q. At the Windsor Hotel ?

A. Yes, Sir.

Q. For what purpose ?

A. That was the time I was to see him to get a portion of that \$14,700, the time I have referred to about that two thousand dollar matter. I had written or telegraphed to him, and he had replied, asking me to meet him at the Windsor Hotel at half-past nine or ten in the morning, but the boat was detained by fog that morning, and he didn't get there until nearly twelve o'clock. We drove down the street together, and he got out from the cab at the Banque du Peuple and went in to see the manager. I went down to the Government office with him after that, and there he dismissed the cab, and after an hour's delay we walked back. He then went into the Banque du Peuple and came out and said it was very funny that he couldn't get a note for \$20,000 with a first class endorser discounted. He never told me it had any connection with the cheques at all, and I was not aware of it until I saw his evidence.

Q. So far as you are aware was, the discount applied for in your interest?

A. Not in my interest. I had no claim upon it.

By Hon. Mr. Justice Jetté :—

Q. The question is if you knew it was asked in your name?

A. On my having asked him for the two thousand dollars, he said he expected to get some money that day, and if so, he would give me the \$2,000.

By Hon. Mr. Justice Davidson :—

Q. Mr. Pacaud, at page 437, states that in his interview with Mr. Robidoux, he made the assertion that you were very anxious to negotiate this cheque, in order to have the amount?

A. As I said before, I knew nothing whatever about his negotiating the cheque at all. I didn't know the amount he was going to the bank for at all. He said he would get some amount of money, and give me the \$2,000 after he got it.

Q. Mr. Robidoux?

A. I never saw Mr. Robidoux.

Q. Was Mr. Bousquet there?

A. I didn't go into the bank.

Q. Whom did you see at the Government offices?

A. The Hon. Mr. Langelier was at the Government offices. He walked down as far as the bank, but did not go into the bank. Mr. Charles Langelier I refer to.

Q. Was there any conversation on the road as to what was to take place?

A. No, Sir, he simply said Mr. Bousquet was out when he called before, and he was going back to get his answer.

By Mr. Béique :—

Q. Who said that?

A. Mr. Pacaud.

By Hon. Mr. Justice Davidson :—

Q. Is that all you know about the transaction?

A. That is all. I see that Mr. Pacaud states that I went to Mr. Robidoux's house with him, but he is mistaken about that. I have never been to Mr. Robidoux's house.

Q. Did you go to the door of Mr. Robidoux's house in a carriage ?

A. No, Sir, I have never been there. I don't know where he lives.

Q. Where did you separate ?

A. At the door of the Banque du Peuple. Mr. Pacaud and Mr. Langelier went off, I understood, to go to lunch, and I went to my office.

Q. You are sure you did not go anywhere in a carriage after they went out of the bank ?

A. No, Sir, they dismissed their carriage. Mr. Langelier and I remained at the door when Mr. Pacaud went in. Then they went off together.

Q. Mr. Pacaud, at page 437, said : " I went with Mr. Armstrong to the offices of the Government, and afterwards to the residence of Mr. Robidoux. Mr. Armstrong remained in the carriage and I entered Mr. Robidoux's house. Mr. Robidoux was sick."

A. I think he has confounded me with Mr. Langelier there. I certainly didn't go there, and they did not go directly from the Government offices. We went to the Banque du Peuple from there. We walked to the bank a little distance, and dismissed the cab at the Government offices.

By Mr. Hall :—

Q. I think you were asked to produce the certificates of Mr. Light referred to in your claim ?

A. In any case I wish to produce them, as I wish to refer to my account, about which there has been a good deal said. There are the estimates signed by Mr. Light, as chief engineer for the Baie des Chaleurs Railway Company on the different sections of the line, headed : " Certificate of work done to date by contractor." This refers to the first twenty miles to be constructed on the Baie des Chaleurs Railway, and is of June 9th, 1891, from Metapedia to Paspebiac, based upon an average price of \$20,000 and upon a comparative cost of the work on this 20 mile section." This is the exact terms of the contract. These certificates were originally prepared by my chief engineer, Mr. LeDuc, and submitted to Mr. Light, who verified them. There was an alteration made in this one of \$8,000, made by Mr. Light, for one locomotive. Otherwise it is signed as made by Mr. LeDuc. The next one is dated in the same way, except that it refers to the third ten miles. The next one refers to the fourth ten miles, section G. The next refers to the fifth ten miles, section H. The next to the sixth ten miles, section J. The next to the seventh ten miles, section K, and the last one to sections K, L, M and N, simply for engineering. The totals of these are the amounts mentioned in the accounts certified to by Mr. Riopel, produced as **Exhibit No. 3.**

(Certificates produced and fyled as 181A, 181B, 181C, 181D, 181E, 181F and 181G.)

Q. Mr. LeDuc, I understand, was your engineer ?

A. He was my chief engineer.

Q. Certified to the work done as between you and the sub-contractors ?

A. That was one of his duties of course as my engineer. He had the responsibility of measuring all the work on the line.

Q. And certified to what work the chief contractor would have to pay for it ?

A. Yes, Sir, that would be one of his duties.

Q. He was also the engineer of the company ?

A. No, Sir, he was not ; Mr. Light was.

Q. Have you the certificates corresponding to those that you have just produced, No. 181A, 181B and 181C, which were given you by Mr. LeDuc as between you and the sub-contractors ?

A. A lot of this work was done by myself and not by the sub-contractors at all.

Q. Have you the certificates corresponding to any part ?

A. Mr. LeDuc has got them himself. He has charge of all the papers, and still continues to be employed.

Q. I understand you to say that you have not got these certificates ?

A. I have copies of some of them, but not all. I could certainly find some of them.

Q. Do you recollect who presented these certificates to Mr. Light for his signature ?

A. They may have been given to him by Mr. LeDuc, or may have been sent from the company to Mr. Light.

Q. Do you know ?

A. I do not know.

Q. Do you know how long they remained in Mr. Light's possession before they were certified by him ?

A. Sometimes they remained a very long time. I think these probably remained a month in his possession.

Q. Do you know if there was any difficulty about getting them signed by Mr. Light ?

A. I had to complain several times, because he was so very slow.

Q. Do you know if he put himself in communication with the president of the road to see about the nature of these certificates he was called upon to sign ?

A. I don't know.

Q. I see that the last certificate No. 181G, is entirely for engineering ?

A. Yes, Sir.

Q. And that is not signed by Mr. Light ?

A. No, Sir, I don't know how that is.

Q. I say that the certificate is not signed by Mr. Light ?

A. No, Sir.

Q. All these are the certificates 181A, 181B and 181C on which you base your claim, **Exhibit No. 3** which are certified to by Mr. LeDuc, by Mr. Riopel and Mr. Robitaille, the secretary ?

A. Yes, Sir.

Q. You don't hand these certificates over to any one ?

A. No, Sir, they are always made in duplicate, and sometimes in triplicate. Mr. Light would keep one, the company one, and I would have my copy.

Q. These ones produced were the ones you showed to Mr. Thom upon which your claim, **Exhibit 3**, was made up ?

A. It may be, or perhaps the company's copy.

Q. And these have always remained in your possession ?

A. Ever since, yes, Sir.

Q. These amounts that are detailed out here do not represent the value of the work done?

A. They do.

Q. Do they show that that was the amount paid out to the contractors,—I mean to the sub-contractors?

A. The value of the work done at the price I was paid by the company.

Q. This is made up according to the terms of your contract with the company?

A. Precisely.

Q. I am asking you for these figures showing the actual value of the work done.

A. Yes, Sir, that is the actual value of the work done.

Q. The figures for the actual value of the work done?

A. Yes, Sir.

Q. On these certificates that you have just produced?

A. Yes Sir.

Q. Why doesn't it state in the heading that it is a statement of the actual work done upon an average price of \$20,000 per mile and upon the comparative cost of the work?

A. Well, \$20,000 are more than some sections were worth and less than others. If I had been paid \$20,000, I would not have been paid the actual amount.

Q. What I understand from you is that these are the prices made on the basis of \$20,000 per mile?

A. Yes, Sir.

Q. Have you the certificates or statements showing the cost or the amounts paid to the sub-contractors?

A. That has nothing at all to do with that. I have already told you that I may have some of them. Some of the work was done by me, where there were no sub-contractors at all.

Q. But I understand that you did comparatively little work on the road?

A. I did a lot of it.

Q. Can you tell us how much?

A. Certainly, over \$100,000.

Q. Over \$100,000?

A. Yes, Sir.

Q. Mr. Armstrong, this **Exhibit No. 173** which you have produced and headed: "Amount of estimates of work done by me on account of contract of Baie des Chaleurs Railway as per estimates of the company's engineer."

I understand these figures, as regards these estimates, they are taken from the certificates of Mr. Light just produced.

A. They are, with the exception of this last item, \$25,337.97, being for extra material not included in Mr. Light's.

Q. At this interview that you had at the Windsor Hotel, did you see any one else there when you accompanied Mr. Pacaud down to the Banque du Peuple? Was any one else besides Mr. Pacaud with you going down to the bank?

A. No, Sir. We drove down, stopping at the bank for a moment, and then on to the Government buildings. There was no one with us.

By Mr. Béique :—

Q. When you say Mr. Charles Langelier walked as far as the bank, did he go into the office of the bank?

A. No, Sir; I said he remained at the door with me, and he left there with Mr. Pacaud to go to lunch, and I went to my office.

Q. Now, can you tell why the estimates, **Exhibit No. 181G**, do not appear to be signed by Mr. Light?

A. I was not quite sure of the reason when Mr. Hall asked me, but I think it is because he had previously signed one for the same amount and for the same work, which I now produce as **Exhibit No. 182**.

By Mr. Hall :—

Q. Mr. Armstrong, I suppose you are aware that there was a company in existence before the present Baie des Chaleurs Railway Company?

A. There was one under the same name.

Q. You are aware that that company received about thirteen or fourteen thousand dollars for surveys and engineering and exploration?

A. I am not aware of that, no.

Witness :—

I wish to say something about my account (**Exhibit No. 3**). I stated, when examined before, that although this account was certified as being the amount due, there were other amounts which I might have charged in that account, so that the real amount due me was considerably in excess of \$298,000. I explained that it included a credit for the full amount of the Government transfer, \$906,000, but as \$31,000 were still unpaid, I wish to file now a statement which would shew the exact amount due at that date. If these subsidies were credited simply for the amount paid, they would shew a balance due me on the 20th April last, in lieu of \$298,000, \$345,360.59. As I explained at that time, I was not particular about the exact amount, as I was only getting about a half of it and it didn't make much difference. I have seen in the newspapers a memo. that was to be presented here with reference to my account—a very exaggerated one. I don't know whether it has been deposited; because, if it has, I would like to say something about it; if not, it is not worth while speaking of; it is so ridiculous on the face of it. I refer to a memorandum shewing that I owed the company 70,000.

By Mr. Hall :—

Q. With reference to this **Exhibit No. 183**, showing that on the 20th April there was due to you \$345,360.59, are we to understand that you do not think you have been paid enough on your claim, or that you still have another claim against the Government.

A. I have given the company a complete discharge; but I am still of the opinion that they did not get enough.

And further deponent saith not.

THE HON. CHARLES LANGELIER, of the city of Quebec, Provincial Secretary, aged 39 years, being duly sworn upon the Holy Evangelists, doth depose and say :

By the Hon. Mr. Justice Baby :—

Q. Mr. Langelier, you are Provincial Secretary for the Province of Quebec?

A. Yes, Your Honour.

Q. And you have been in the administration since.....

A. Since the month of August, 1890.

Q. In the course of the explanations given by Mr. Pacaud, your name has been rather frequently mentioned. We wish to give you an opportunity of justifying yourself, if you think proper, concerning certain items which have been mentioned.

It appears, from Mr. Pacaud's evidence, that you have received from him, at different times, as coming from this sum of \$100,000 which he had from Mr. Armstrong, the sum of \$9,291.23. These sums are mentioned in the different items to which I shall refer. First of all, in order of date and also according to the bank, statements furnished by Mr. Pacaud, in which the transactions took placethat of the Banque du Peuple being first.

The first item I see and to which Mr. Pacaud has referred, is a cheque paid to Mr. François Parent for you,—Mr. F. Parent being the contractor for a house, in course of construction, which belongs to you.

A. That is perfectly true. If Your Honour permits, I shall at once say, to simplify matters, that I am acquainted with Mr. Pacaud's evidence, which was published in the *Electeur*, and if the text is correct regarding the sums mentioned by Mr. Pacaud as having been given to me, it is perfectly true.

Q. Then, to refresh your memory, I will go over them to you. There is the sum of \$918.23 paid to Mr. Parent?

A. Certainly.

Q. On the 9th of the same month, deposited to the credit of the Hon. Chs Langelier at the Savings Bank Branch of the Union Bank, Upper Town, \$200.

A. Yes, Your Honour.

Q. Then, \$500, the 11th of the same month of May, being your subscription to the Fortress Hotel?

A. Yes, I must mention this : that it was only later on that I knew Mr. Pacaud had subscribed this sum for me. It was he who wrote my name in the stock book, and Mr. Pacaud came to me with this receipt afterwards, telling me that he had put my name down. In any case he paid the amount for me ; I have seen the receipt, which is still in his possession.

Q. On the 29th May, \$17.60 ?

A. Yes, that is correct.

Q. On the 22nd July, \$1,600 ?

A. Yes. I think, if I mistake not, that it was the proceeds of a note we had discounted together, or rather a cheque that he had given to pay a note which we had together discounted at the Banque du Peuple.

Q. On the 21st, deposit for Mr. Chs. Langelier at the Banque du Peuple, \$500 ?

A. Yes.

Q. The same day, given to Mr. Chs. Langelier, \$1,500 ?

A. Yes, \$500, which he deposited, and \$1,500 which he gave me personally.

Q. On the 11th July, a deposit to the credit of the Hon. Chs. Langelier, \$3,000.

A. Yes, Your Honour, I ought to say that this deposit was made by Mr. Pacaud, and it was only a few days later that he told me that he had made the deposit. There only

remained a balance on the \$3,000. He had drawn my cheque for \$2,072, and there only remained the balance, as explained by Mr. Pacaud.

Q. The 10th August, \$500?

Q. Yes then Your Honour. I understand that these are the figures given by Mr. Pacaud, because since, I took the trouble to verify them with my bank book. I have considered them quite correct.

Q. The figures are entered in the statement produced by Mr. Pacaud?

A. Just so.

Q. Now, there is another sum of \$3,000, to which Mr. Pacaud alludes, which was a draft rather than an undertaking given by you in favor of Mr. Deniers for \$3,000, and which he counted?

A. This is the result of an affair which happened in the department where I am, before I was there. The transaction was settled after I came to the Secretaryship, but it had happened before that time.

Q. Then you only concluded an arrangement already begun?

A. Yes. I should mention that the sum of \$3,000 did not concern me personally. It was an affair connected entirely with the department.

Q. Now, have you anything to say about these different transactions?

A. The only remarks I have to make are the following: When I decided to build this house, which is now in course of construction, Mr. Pacaud was one of those who induced me to build it. He told me at the time that he was ready to assist me. He expressed a great deal of gratitude for what I had done for him, when I gave him up my share in the *Electeur* newspaper.

When the present Government came to power, he was trying to make new arrangements with the present company, Belleau & Co., and to facilitate these arrangements I withdrew from the partnership which existed between Mr. Pacaud and myself, and I did it gratuitously. Mr. Pacaud wished at the time to indemnify me, but I positively refused to accept anything whatever. On several occasions afterwards Mr. Pacaud assured me that he had not forgotten what I had done, and that if ever an occasion should arise that he could render me a service he would do it with pleasure.

In this case particularly, about 18 months ago, when I decided to build this house, Mr. Pacaud told me, that if, in the course of its construction, he could aid me in any way, either by endorsing a note, or by giving me money, he would do it with much pleasure. Last spring, when the first payments became due, I went to ask Mr. Pacaud if he would assist me.

Mr. Mercier has said, before he went to Europe, he was good enough to leave with me a note endorsed by him for \$4,000. Mr. Pacaud, I should say had last spring proposed to make a trip to Europe before there was any question of this Baie des Chaleurs question. Mr. Pacaud had taken a very active part in the two general elections which had just taken place, and he was really worn out, ill, and his doctor recommended him a trip to Europe. The reason Mr. Pacaud gave me at that time, for not endorsing a note, and having it counted at one of the banks here in Quebec, was that he did not know how long he might be away in Europe, and when the note fell due, in case I should not have made the arrangements which I was to make, in case, I say, that these arrangements were not complete, he was afraid, that his name being in the banks, if the note was not paid when due, it would be protested, and that would injure his credit.

This is the principal reason he gave me for refusing to endorse a note for me. He added: "You should remember that I told you I would help you. I am in a position to do so now." He asked me if I wanted the whole amount of \$4,000 at once, I told him no, that I only wanted it in instalments to meet the accounts as they became due. He said, "If you do not want the whole amount at once, I have money now that I can advance you, you can pay me back, if the sum is too great we can settle our account when you have sold your house in Saint-Jacques street—which was for sale—or when you have borrowed the money," that is to say the loan I was about arranging with the Building Society; for I must add that last spring I applied to Mr. Philippe Vallière, who is one of the directors of the Building Society of Montreal, with Mr. Pacaud's knowledge, and I had asked him if I could readily obtain a loan from the society of which he was one of the principal directors.

Vallière had said that certainly I could easily obtain a loan, but to wait until the business was more advanced, as it would then be easier to borrow the money required to complete the construction. But at that time, I solemnly declare that I did not know that Mr. Pacaud had been sent from the Baie des Chaleurs affairs. I know that Mr. Pacaud had made a great deal of money out of his newspaper, he had often told me so. I had some knowledge of the business, I know that they had large contracts with the Government, and that Mr. Pacaud had half of the profits of Belleau & Co. This is the only explanation I have to give on this subject. I must say that since twenty years, I have been Mr. Pacaud's friend, and over and over again, when he wanted money and I had it, I lent it to him, and if I wanted money he lent it to me. Dozens of times we have endorsed or made notes together which have been discounted. And any one knowing the relations that have ever existed between Pacaud and myself would not be surprised at this circumstance.

You have said and the Hon. Prime Minister has also said, that he had offered you a note?

A. He left it with me.

Q. A note endorsed by him for the sum of \$4,000?

A. Yes, Your Honour.

Q. You did not use this note?

A. No.

Q. Not at all?

A. Not at all.

Q. Did you give it back to him?

A. I gave it back to the Hon. Mr. Mercier after his return from Europe. He reproached me at that time. He did not know all that had happened in the meantime. He said: "you ought to have used that note as I told you, in case you should have difficulty here in Quebec, where you could easily get it discounted."

Q. You mentioned a moment ago, that the sum that appears against you in these statements was \$9,291.23?

A. Yes.

Q. Have you paid Mr. Pacaud any money on account of this sum?

A. Certainly. Mr. Pacaud himself admitted that there was a cheque for \$2,072, which was drawn out of the \$3,000. Besides that Mr. Pacaud paid me back \$500 which he

ed me, for money that I had advanced to the election funds during the elections; then re was \$300 which I sent him which he was in Europe. I think that Mr. Pacaud, in wer to the Honourable President of the commission gave a very exact statement.

Q. Thus you have paid back, on account of the sum you received from Mr. Pacaud, 572.76, namely ; \$2,072, \$500 that you have just mentioned and \$300 which you remitted him in Europe ?

A. Yes. I cannot gave the figures exactly from memory, but it was about that. I wish : Commission to understand that I do not mean that Mr. Pacaud gave me all that mey I asked him to help me? I have not yet settled my account with Mr. Pacaud.

Q. You have in your hand, belonging to him, either as his debtor or some other e the sum of.....

A. From the statement I have received from Mr. Pacaud, it was \$5000 and something. annot say exactly from memory.

Q. Will you look at the calculation I have just made and say if it is correct ? (The tness examines the calculation).

A. This does not agree with the calculation I made myself. According to Mr. Pacaud's ures, I think that Your Honour is wrong. It may be that I am wrong myself, but I sed my calculations on the figures that I saw in Mr. Pacaud's evidence.

Q. Will you produce your statement.

A. I will produce my statement. Perhaps I am wrong myself.

Q Now, Mr. Pacaud also mentioned, in his statements, different notes endorsed by the on. Charles Langelier ; I think that is you ?

A. Yes Your Honour.

Q. I read in Mr. Pacaud's statement, " May 14 ; cheque produced, to pay my note to e order of Hon. H. Mercier, endorsed by F. and C. Langelier and C. A. P. Pelletier ? "

A. I endorsed, together with Hon. H. Mercier, Hon. Mr. Pelletier, my brother, and Mr. rte, the notes that have been mentioned in the course of this enquiry. (The notes are ven to witness.) I understand that Your Honour wishes me to identify the notes on rich are these endorsements ?

Q. That is it.

A. I state that on a note signed by Mr. Ernest Pacaud, dated 15 April, 1891, there is my dorsement. I also state that on a note, dated at Quebec, the 28th February, 1891, for 000 signed by Ernest Pacaud there is my endorsement.

Q. Look and see if you dont find another note made by you, and endorsed by Mr. Tarte, a sum of \$2,150, on which there is \$2,000 for the county of Montmorency ?

A. I remember the circumstance perfectly. I state that on a note in my handwriting, d signed by me as maker, dated the 2nd March, 1891, at Quebec, for the amount of \$2,000, ere is the endorsement of Mr. Tarte and Mr. Ernest Pacaud.

Q. This note was not paid by you ?

A. No, Your Honour.

Q. Was it Mr. Pacand that paid it ?

A. It was Mr. Pacaud that paid it ; and I must state that I did not benefit in any fashion om the proceeds of this note.

Q. This note was for..... ?

A. The election in Montmorency.

Q. Did you pay the other two notes, or did Mr. Pacaud pay them? Were you called upon to pay them?

A. What other notes?

Q. \$5,000.....

A. I was not asked to pay them; I suppose Mr. Pacaud paid them.

Q. He said he paid them?

A. I have no reason to doubt it.

Q. Will you examine **Exhibit 89-9** and say if your name appears as endorser?

A. I state that on a note for \$5,000 dated at Quebec, the 1st April, 1891, and signed by Mr. Ernest Pacaud, my name is found as endorser.

Q. As in the other cases, you were not asked to pay this?

A. I was not asked to pay it.

Q. 89-3?

A. I find that on a note for \$3,000, dated 1st April, 1891, and signed by Mr. Ernest Pacaud, my name appears as endorser.

Q. This note also was not paid by you?

A. Was not paid by me.

Q. If I understood you right just now, Mr. Langelier, you admitted that the sum \$3,000 was given you or rather sent you by Mr. Pacaud on the 11th July?

A. Is Your Honour speaking of the deposit of \$3,000 that was made.

Q. Yes?

A. The deposit was made without my knowledge, but I know it was to my credit at bank, and out of this sum I gave a cheque to Mr. Pacaud for \$2,072.

Q. You say that it was made without your knowledge?

A. Yes. It was some days afterwards that Mr. Pacaud told me that he had made deposit of that amount; and it was Mr. Pacaud who made it himself, contrary to what had been said.

Q. The deposit slip **Exhibit 51**, is it in your handwriting or that of Mr. Pacaud's?

A. The deposit slip of the deposit of \$3,000, **Exhibit 51**, which is now shewn me, is Mr. Pacaud's handwriting and not in mine.

Q. Before entering the ministry were you not a member of the House?

A. Of the House of Commons of Canada.

Q. Whilst you were a member of the House of Commons you were chosen as a delegate. I think were you not?

A. As commissioner.

Q. In connection with the Baie des Chaleurs affair?

A. Yes, Your Honour.

Q. Did you make a report of your work?

A. I made three reports. I made two that I shall call special reports, and I made a general report upon the whole matter after it was over. As there were very pressing details I made a report on behalf of the claims which I had already proved correct.

Q. You had investigated a certain number or all of these claims for different sums for what sums?

A. I investigated all the claims that came before me.

Q. Here is one. I do not know if it is the first or the last?

A. It is one of the two partial or rather special reports which I made, because I assert that they were thoroughly impartial. I do not know whether it is the first or the last. I made two besides the final report, which I had to make when my work was finished.

Q. Will you have the kindness to produce these reports ?

A. I have no objection to producing them. They are marked **Exhibits 184, 185 and 186.**

Q. Subsequently, the affairs of the Baie des Chaleurs Railway, not having improved, I believe that legislative measures were adopted in this matter?

A. Yes.

Q. The Government decided, I think, to pay again certain claims made against the contractors and sub-contractors ?

A. Yes, Your Honour.

Q. For this purpose, a commissioner or delegate was appointed ?

A. Yes. Mr. J. C. Langelier was nominated commissioner to pay the claims which I had put forward as Government commissioner.

Q. Mr. J. C. Langelier belongs to your department, does he not ?

A. Yes. He is deputy-registrar of the Province.

Q. He is your brother ?

A. Yes.

Q. Has he anything to do with the Public Works Department ?

A. Nothing whatever, except the reports when he was nominated commissioner ; but, apart from this Baie des Chaleurs, matter he has nothing whatever to do with the Public Works Department.

Q. You knew, did you not, that Mr. Chrysostôme Langelier went to Gaspesia ?

A. Yes, he came to ask me for leave of absence when he went away; he told me what I already knew, that he was commissioner, and I gave him leave of absence.

Q. You know Mr. Thom, do you not, ?

A. Yes, Your Honour. I have known him in connection with this affair. I met him once before.

Q. You know Mr. C. N. Armstrong ?

A. Yes, I know Mr. Armstrong.

Q. Did you know that Mr. Pacaud was mixed up with these gentlemen's claims, Mr. Armstrong's claim, or the negotiations Mr. Thom was engaged in with Mr. Armstrong, so as to form a new company, or something of the kind ?

A. I do not remember in the least. I did not know that Mr. Pacaud had anything to do with Mr. Armstrong's claim. As to Mr. Thom, he may have spoken of it to me at the time. I am inclined to think that he must have done so. If he did so—I cannot swear positively to it—he must have done so—it would have been to say how desirous he was that Mr. Mercier was to develop that part of the country ; he had himself visited Gaspesia in company with Mr. Mercier and myself ; he had heard Mr. Mercier's speeches ; he knew the policy of progress Mr. Mercier wished to inaugurate there. He may have spoken to me in this sense.

Q. Mr. Pacaud said that you went with the Hon. Prime Minister when he left for

Europe with several of his colleagues, and that either on the cars or at any rate in Mr. Mercier's private car, the Baie des Chaleurs affair was discussed?

A. Yes, Your Honour. It was the first time I heard of Mr. Cooper's proposition. Mr. Mercier convened us in council in order to communicate Mr. Laflamme's letter, and in our presence, after having consulted us, that he dictated to his secretary the letter which has been produced before the Commission. It was the letter on which we gave as an answer to that of Mr. Laflamme. That was the first time I heard of the Cooper proposition; Mr. Pacaud had never spoken of it to me before.

Q. You met him afterwards?

A. The second time I heard the affair mentioned was at the Brunswick Hotel in New York. Mr. Thom came to meet my colleague, Mr. Robidoux, and myself; the interview lasted perhaps four or five minutes. I remember that he asked Mr. Robidoux what guarantees the Government would exact. Mr. Robidoux answered: "I have not time to go into that now; you are a business man, you know what guarantees are; those are the guarantees the Government will require."

Q. Was not it a small car, in which Mr. Mercier and his family were travelling?

A. Yes, very small.

Q. All that was said would be easily heard; those who were in the car could hear everything that passed?

A. All those who were in Mr. Mercier's private compartment, that is to say, the members of the mission, could hear.

Q. The car was divided into different compartments?

A. Certainly.

Q. Was there any mention made of Mr. Armstrong?

A. Yes, I remember Mr. Pacaud wished to bring Mr. Armstrong into the car, but Mr. Mercier said that if Mr. Armstrong wished to come as a friend in a social manner ready to receive him, but that it was quite useless to bring him in to talk business; he positively declined to speak of business matters to him at all.

Q. Did you know personally that Mr. Mercier would have no business relations with Mr. Armstrong?

A. I did not know what personal relations existed between Mr. Armstrong and Mr. Mercier.

Q. I ask if you know it?

A. I do not know what reason he might have, but I know that he was opposed to negotiations with Mr. Armstrong. I did not ask him his reasons. I know that he expressed himself in this way several times.

Q. You did not see Mr. Armstrong or Mr. Thom again after that interview at the Brunswick Hotel?

A. No, I did not hear the matter spoken of till a month after, when I returned from my trip I made with the Hon. Mr. Robidoux. We arrived here, and a few hours after my return the question was submitted to us in Council by the Hon. Mr. Garneau.

Q. Have you had occasion to make a report relative to this affair?

A. Yes, to the best of my recollection.

Q. Will you take communication of this?

A. Yes, Your Honour.

Q. Will you read the document?

A. Yes; it was I who prepared the following report.

DEPARTMENT OF THE ATTORNEY GENERAL.

QUEBEC, 20th April 1891.

THE HONOURABLE PIERRE GARNEAU,

“ Commissioner of Public Works,

and Prime Minister *ad interim*,

Quebec.

“ The undersigned has the honour to report, that he has carefully examined the proposition of Messrs. Thom and Cooper, dated 17th April instant, offering to re-organize the *Société des Chaleurs* Railway Company and to prosecute the works of construction ; that this proposition is in perfect conformity with the provisions of Statute 54 Vict., Chap. 88, and particularly with the subsection J of section 1 ; for this reason the undersigned has the honour to conclude : that the whole question for the Government, is to ascertain if the company, which Mr. Thom proposes to-reorganize, offers sufficient financial guarantee.

“ (Signed) J. E. ROBIDOUX,

“ *Attorney General*,

“ per CHARLES LANGELIER, for the Attorney General.”

This is the document produced as **Exhibit No. 187.**

Q. Under what circumstances did you make this report?

A. To the best of my recollection, it was at the request of the Hon. Mr. Garneau. Mr. Robidoux was ill at the time, and Mr. Garneau was anxious to assure himself that this proposition of Mr. Thom was in conformity with the statute, and Mr. Robidoux was unable to come to Quebec ; as Mr. Garneau insisted particularly that the report should be signed by one of the Ministers, and I usually take Mr. Robidoux's place, when from illness or some other cause he is absent from his department, he instructed me to make this report in lieu of Mr. Robidoux.

Q. What ministers were present?

A. We were all here except Mr. Mercier, Mr. Shehyn, Mr. Boyer and Mr. Robidoux who was ill. He only came at the end.

Q. That is to say that there were three absent out of the seven?

A. Out of the eight, there were four.

Q. There were four ministers present?

A. Yes.

Q. Subsequently, Mr. Robidoux, having recovered his health, joined you?

A. He came to join us.

Q. During that time had you any conversation with Mr. Pacaud on this subject?

A. I do not remember any particular conversation ; he may have spoken to me of the matter, urging me to hasten it on, or something of the sort.

Q. Mr. Pacaud told us that he had spoken particularly to you and Mr. Duhamel, as you are younger than he is ?

A. I am not prepared to deny this ; but I do not remember any conversation in particular. He may have asked me to push the affair, in case the negotiations should fall through. We knew this from other sources, from Mr. Thom, who was always on our heels, and who threatened to break off the negotiations unless we advanced more rapidly.

Q. So you do not remember particularly any conversation which you may have had with Mr. Pacaud about this affair ?

A. I am certain there never was any particular conversation in any other sense than the one I have mentioned. I am positive of this.

Q. Did Mr. Garneau accept your report, or did he again consult the law officers of the Crown ?

A. To the best of my recollection, Mr. Garneau also consulted Mr. Cannon, the deputy attorney general. I think that he was unwilling to close the matter without having a report from Mr. Robidoux himself.

Q. Had you any conversations with Mr. Garneau in reference to this matter ?

A. I had no other conversations except when we discussed the affair in Council. I should say that we had the utmost confidence in Mr. Garneau as a business man, we relied completely on his judgment as to this transaction. We knew that he was a business man of great experience. He knew well most of the gentlemen who composed the syndicate ; and I know that Mr. Garneau had made enquiries himself about some of the members of the syndicate whom he did not know, and he declared in Council that they possessed every possible guarantee of solvency and financial ability for the completion of the works.

Q. You did not press him ?

A. No.

Q. You did not threaten him ?

A. Oh ! never.

Q. With the Prime Minister's anger ?

A. Oh ! never, never, oh ! no.

Q. Did you suggest to him to telegraph to France ?

A. Oh ! no never. Neither myself nor anyone else to my knowledge.

Q. Did you see Mr. Pacaud often during that interval ?

A. Not oftener than I was in the habit of seeing him ?

Q. And do you habitually see him often ?

A. I see Mr. Pacaud very often.

Q. Do you see him every day ?

A. Every day if we are both in town, and that for more than fifteen years.

Q. You are great friends ?

A. We are great friends. We are accustomed to meet very frequently. Now that I am in the Government we meet less often. Formerly, I had my office, as an advocate, in the Lower Town, quite close to the office of the *Electeur* ; and I was one of the most assiduous contributors to the *Electeur* ; I saw Mr. Pacaud four or five times a day.

Q. Now, Mr. Langelier, it has been said that you were present, either in the ante-chamber or elsewhere, when Mr. Pacaud went to the Banque du Peuple to discount his note for twenty thousand dollars ?

A. Yes, Your Honour. I do not remember if I was actually in the antechamber.....

Q. I should like you to relate the circumstances under which the affair took place?

A. The circumstances are as follows: I reached the *Electeur* office, and I found there Mr. Vallière and Mr. Pacaud, as well as I can remember, that is how the thing took place. I was going up town to my office, Mr. Vallière asked if I was going up town, I said yes; he answered "if you will wait for me a few moments I will go up with you. I have business at the Banque du Peuple for a few minutes." I left them, they went in to Mr. Dumoulin's office for an instant. I did not know what they had to do, I only learnt it afterwards. I knew nothing of it in any way at the time. Mr. Vallière said something to Mr. Dumoulin, and his business was finished. I was seated in the passage at the door, and after the interview was over, Mr. Dumoulin asked me, what he had often asked me before, to obtain for him a Government deposit for the agency of the bank of which he was cashier.

I ought to explain that Mr. Dumoulin gave as a reason for his request that we were the lawyers of the Banque du Peuple at Quebec—he gave this reason for asking me to use such influence as I might have with the Government to obtain for him a deposit. I drew his attention to the fact that the head office of the bank, in Montreal, had already a considerable deposit, and that this question rested with the Provincial Treasurer and Mr. Mercier; that I had no objection to speak to them on the subject, to aid him as much as possible to obtain a deposit, but I swear positively that I made him no promise whatever, and that could not have been to facilitate the transaction, because the transaction which had just taken place with Mr. Pacaud and Mr. Vallière had been completed.

Q. You did not hear nor make out in any way what it was about?

A. No. As I had nothing to do with it, I understood it was a private matter, I withdrew a little to one side, as it did not concern me in any way, and I waited till the gentlemen were finished. I left with Mr. Vallière.

Q. Mr. Pacaud was there?

A. Mr. Pacaud was there.

Q. With Mr. Vallière and yourself?

A. Yes.

Q. It has also been said that you were present, this time, it was not in the antechamber, when Mr. Pacaud went to negotiate the other note for twenty thousand dollars at the Union Bank?

A. At the Banque Nationale. This is how it happened: I came to Mr. Pacaud's office, as often happened in the afternoon, when I left my office, I went down to his office, and we came up town together and went to the Club, where we meet our friends. It was late in the afternoon. I asked Mr. Pacaud if he was ready to come with me, he replied: "If you will wait for me a moment or come with me. I have to get an answer from the Banque Nationale, when I will go up with you." I went with him. We entered and found Mr. Gaboury and Mr. Lafrance there. We were there seven or eight minutes, and when these gentlemen saw me in the passage, they very politely asked me to be seated while they were discussing. I should find it hard to say what was decided at that time. I do not remember at all whether it was to cash the cheque or to cash the letter; I do not remember the object of Mr. Pacaud.

Q. You understood that it was about financial matters?

A. Yes.

Q. Now when we are on the subject of notes, did you go to Montreal with Mr. Pacaud

and at the same time as Mr. Pacaud, about negotiating another of these notes at the Banque du Peuple in Montreal?

A. I confess frankly that I do not remember this circumstance. I remember that I was one day at Mr. Robidoux's. I had gone to Montreal on business for my department. Mr. Robidoux was ill at the time, and I came to consult him, about certain matters that particularly concerned the district of Montreal, because generally I take the advice of Mr. Robidoux or of Mr. Duhamel, or of Mr. Mercier when he is here, about Montreal matters. I went to see Mr. Robidoux in the afternoon. I remember that Mr. Pacaud came to his house in the afternoon, he came to see him, but I do not at all remember the circumstances. There was no mention before me on this occasion of notes or of cheques, and I do not know if it was on this occasion, but I have met Mr. Pacaud often at the Government offices in Montreal. We stayed at the same hotel and we lunched together.

Q. Perhaps a little incident could help you to remember. Do you remember remaining at the door of the Banque du Peuple in company with Mr. Armstrong? Perhaps that will help you to remember?

A. I do not remember. I am less interested than Mr. Armstrong in remembering it.

Q. Do you remember waiting at the door of the bank?

A. That may be true. I do not remember. I met a lot of people at the Government offices in Montreal. It is utterly impossible for me to remember a precise circumstance like that. It may be perfectly true.

Q. Mr. Pacaud, in his evidence, said that you were together, he said that he went up to Montreal by steamboat, do you remember it?

A. It may be so. I went up so many times with him, that it would puzzle me to be precise as to this particular time. It may be so. I cannot swear positively to it. But I can positively swear that if I went up to Montreal with him on this special occasion it was certainly not in connection with this affair; it was on business of my own department, public business, and I knew nothing of the steps taken at this time as regards cashing cheques or letters of credit.

Q. Mr. Webb, in his evidence, said that Mr. Pacaud—when they were in course of transacting their monetary affairs—said that out of this sum of \$20,000, \$10,000 would go to you?

A. He said more than that, he said \$20,000, as to taking.....

Q. Is it true that that sum was coming to you?

A. Ah! that is perfectly untrue, quite false.

Q. How do you then explain Mr. Pacaud's speaking in this way to Mr. Webb?

A. I am very puzzled to explain it. I can explain what concerns myself, but I cannot explain what concerns Mr. Pacaud. I swear positively that there was never any bargain or promise of that nature.

Q. Besides the sums that you have mentioned, the transactions, the advances that Mr. Pacaud may have made to you, have you ever drawn the least sum knowing or suspecting that it came from this affair?

A. Never.

Q. Mr. Pacaud had already several times approached the Government to obtain, as a solicitor or otherwise the settlement, of certain claims?

A. Yes, I have heard it said. I did not know it personally.

Q. Was it to your personal knowledge ?

A. No. I cannot say that I ever knew him to do so. He told me before I was in the Government that he had acted in certain matters, but since I am in the Government, apart from the Baie des Chaleurs affair, I do not remember that he was ever mixed up with any other affair, to my knowledge.

By Mr. Casgrain:—

Q. You knew that Mr. Pacaud had acted as Mr. Patrick Whelan's attorney, with the Government, Mr. Whelan being one of the contractors for the Court House here ?

A. I know that he had to do with it at the time.

Q. You knew it personally ?

A. What do you mean by personally ?

Q. You knew it because you saw him act ?

A. Because he told me so, and Mr. Whelan said.....

Q. Even in this circumstance you acted conjointly with him and Mr. Carrier ?

A. No. I acted with Mr. Carrier, but that was before Mr. Pacaud had anything to do with Mr. Whelan's affair.

Q. You know that Mr. Pacaud acted as attorney with the Government in the Lockwood matter ?

A. I knew it from the enquiry.

Q. The enquiry occurred in 1887, I think ?

A. I think so.

Q. You also knew that he acted as attorney with the Government in a matter in which the Messrs. King were concerned, about a lot of land they had in the county of Megantic ?

A. I know it as anybody might know it. There was a case pending before the Superior Court.....

Q. Which case was settled ?

A. Not that I know of. I think that Judge Caron never gave judgment.

Q. You know that the case was settled between the Government and Messrs King ?

A. You tell me so. You are better informed on Government affairs than myself.

Q. I am pretty well informed ?

A. Yes.

Q. You know that Mr. Pacaud acted as attorney between the Government and Messrs. King in that affair ?

A. I know nothing about it. I say that I knew there was an action instituted in the Superior Court. Mr. King had his lawyer ; I do not know whether it was Mr. Pacaud or another.

Q. No. It was Mr. C. B. Langlois who was the Government's lawyer, and Mr. Irvine was King's. Did you know Mr. Pacaud was Messrs. King's attorney with the Government in this matter ?

A. I know nothing about it.

Q. Since when have you given up your office in Lower Town, above the Union Bank ?

A. Four years, I think, as well as I remember.

Q. Will you explain this \$3,000 transaction of which Mr. Pacaud has spoken and which you mentioned in your examination in chief. The \$3,000 of Mr. Demers ?

A. I find it very difficult to explain. It was a departmental affair which began before my time. I should have to refer to the books of the department.

Q. You signed or accepted a draft of Mr. Demers on your department, payable in six months ?

A. It was about printing, the printing of a book of Abbé Casgrain, to the best of my recollection. Mr. Demers had printed the book. I do not know if it was by advances or in any other way that that was made to him, but I could, if you wish, easily give you the details of the transaction. We have nothing to hide, and as the session is at hand, you can have every information before the House.

Q. We will perhaps ask for their production ?

A. If you are as successful as here.....

Q. You said that to your own personal knowledge, Mr. Pacaud made a great deal of money out of his paper ?

A. Yes.

Q. Mr. Pacaud has large contracts with the Government, has he not ?

A. Yes, that is Belleau & Co. have.

Q. The *Electeur* sends out a great many copies every morning ?

A. I think it has a large circulation.

Q. Could you give an estimate of the number of copies ?

A. I have never looked in their books, but I have understood from Mr. Pacaud that the number was from 14,000 to 15,000.

Q. Is it not true that the printing of a newspaper in Quebec of this size and such type, is very expensive ?

A. I know nothing whatever about it.

Q. You were Mr. Pacaud's partner in the ownership of the *Electeur* ?

A. Yes, but as I drew no profits I did not concern myself much about the expenses.

Q. There were no profits at that time ?

A. I do not know. I drew none and asked nothing about them.

Q. How do you know that Mr. Pacaud was and is making a great deal of money by his newspaper ?

A. I have heard it said by him and by Mr. Belleau himself. I remember at one time their telling me that their plant, which was worth between \$40,000 and \$50,000, was almost paid for.

Q. Do you know whether Mr. Pacaud has drawn large profits from his establishment ?

A. I have never looked into the books, but I have always understood so. He told me many times that he was making money by his establishment.

Q. And that he was buying plant ?

A. That he bought considerable machinery, certainly some of the finest printing machinery in the city.

Q. Is it not true that Mr. Pacaud derives no profits or very little from his establishment, but that all the profits go towards improvements, purchasing plant and making his establishment one of the best in Quebec ?

A. I cannot answer as to that.

Q. You do not know it ?

A. I know nothing personally of it ?

Q. You do not then know at all what amount of money Mr. Pacaud draws from his establishment ?

A. I told you just now that all I know was what Mr. Pacaud told me, that he was making a great deal of money in his establishment.

Q. Will you give some explanations concerning the cheque for \$2,072 which you gave Mr. Pacaud out of the \$3,000 deposit at the Banque du Peuple ?

A. What explanations ?

Q. You said a moment ago, that Mr. Pacaud had deposited to your credit at the Banque du Peuple \$3,000, and that out of this he drew a cheque for \$2,072 ; who drew the cheque ?

A. Mr. Pacaud. It was I who made the cheque and gave it to Mr. Pacaud, and he drew the amount from the Banque du Peuple the same day that he made the deposit.

Q. Will you tell me why this cheque was given ?

A. I think Mr. Pacaud had me give this amount in return for advances or something of that kind...he had made me considerable advances.

Q. It was to pay for his advances ?

A. As well as I can remember, yes.

Q. I think Mr. Pacaud said in his evidence that previous to the Baie des Chaleurs he had only advanced you \$800 ?

A. Yes.

Q. Then, these \$2,072 could not have been to pay for advances made you ?

A. The cheque was only paid on the 11th July, I think.

Q. The cheque for \$2,072 ?

A. Speaking from memory, I think it was only paid on the 11th July, the same day that the deposit was made. At this time Mr. Pacaud had made me considerable advances.

Q. Then it was on the same date ?

A. I think I gave him the cheque some days before. I cannot remember the exact date.

Q. Now, can you state when Mr. Robidoux returned to town, before the 28th April ?

A. I remember that Mr. Robidoux arrived in town on the Sunday. Mr. Garneau did not like to complete the transaction, he had had occasion, I think, to see Mr. Robidoux in Montreal. I cannot fix the date precisely.

Q. Was the Sunday the 26th ?

A. To the best of my recollection, that was the Sunday on which he arrived.

Q. He was not here when the Order in Council No. 237 was passed ?

A. I do not remember what was the date of the Order in Council.

Q. The report was submitted to the Council on the 21st April ?

A. No, but to the best of my recollection, Mr. Garneau told us that His Honour the Lieutenant-Governor demanded Mr. Robidoux's report, and that he had had a conversation with Mr. Robidoux in Montreal, and later on the report was prepared by Mr. Robidoux.

Q. You made a report on the 20th which has been produced ?

A. Yes.

Q. Mr. Robidoux was not in town on that date ?

A. No.

Q. The report was made to the Council by Mr. Garneau and approved by the Council on the 21st ?

A. Perhaps. I cannot say from memory.

Q. That is certain ?

A. I do not dispute it ; but you forget that I am under oath.

Q. The report was made on the 21st and signed by the Lieutenant Governor on the 23rd. I should like that there be no doubt about it. I am going to refer you to the Order in Council. (The witness takes communication of the Order in Council.)

A. This was signed by His Honour the Lieutenant Governor on the 23rd April.

Q. The report was made on the 21st, submitted to the council on the 21st.....

A. The 20th. " The Honourable Commissioner of Public Works, in a report of the 20th inst,"

Q. That was submitted on the 21st ?

A.....

Q. On the 21st, Mr. Robidoux was not here ?

A. I think not.

Q. Then, on the following Sunday he arrived ?

A. To the best of my recollection, yes.

Q. Do you remember if at the time.....

A. Perhaps he arrived in the evening. I did not see him till the Sunday. Perhaps he arrived the evening before ; I cannot swear positively. I saw him on the Sunday.

Q. Do you remember whether in the interval, let us say between the 17th of April and the day Mr. Robidoux arrived in town, you telegraphed to Mr. Robidoux to come to town, that his presence was required ?

A. That might well be. I know Mr. Garneau was very anxious to see Mr. Robidoux and to have his opinion. On the other side, we had Mr. Thom who was constantly telling us that he was going to break off the negotiations : he said that a delay had been granted him by the former company, and that when this delay expired he would be exposed to other demands from them.

Q. You, with the Hon. Mr. Duhamel and Mr. Pacaud telegraphed to Mr. Robidoux to return to town ?

A. I do not remember that.

It being one o'clock p. m., the Commission adjourned till two o'clock.

2 P. M., 4th November 1891.

Hon. Mr. Justice Jetté :—

The last time Mr. Webb was examined in reference to the request for the production of other papers, we found from his statement that three items had already been explained in his previous evidence. Another item is the \$5,000 which has been declared to be entirely out of this investigation, and three other items which we have ascertained from the explanation given, are also entirely out of the investigation and provided for, so that we think the explanation given up to now is sufficient, and we will not allow the production of the statement.

E. E. WEBB, re-called, testified as follows :

By Hon. Mr. Justice Davidson :—

Q. Have you any deposit slips with you ?

A. Yes, Sir. There is also this cheque that I have produced in my former evidence, and there were five asked for yesterday. I produce two deposit slips from Ernest Pacaud dated 2nd March, 1891, one being for \$1,000 and the other being for \$3,000, now filed and marked

the one for \$1,000, **Exhibit No. 188**, and the one for \$3,000, **Exhibit No. 189**. Also deposit slip of Mr. Ernest Pacaud dated March 5th 1891, for \$1,000 to the credit of his savings department account, marked **Exhibit No. 190**. Also, deposit slip of Mr. Ernest Pacaud, dated the 9th March, for \$500 to the credit of his current account, filed as **Exhibit No. 191**. Also, one dated 12th March, for \$4,000, to the credit of his savings department account, filed as **Exhibit No. 192**. Also a cheque of Mr. J. C. Langelier, Commissioner, dated 23rd July, 1891, in favor of C. N. Armstrong, for \$534.25, endorsed by C. N. Armstrong and filed as **Exhibit No. 193**.

Q. Take the deposit slip for \$1,000, **Exhibit No. 188**, and state if, you can, from what account funds for this were paid, or were they came from?

A. It is impossible to trace where the funds came from, but the deposit slip is made out by the paying-teller, so that the inference would be that Mr. Pacaud was getting a cheque cashed perhaps for a larger amount and would ask the teller to deposit \$1,000 to his credit, and in that way the teller would probably make out the slip. That is **Exhibit No. 188**.

Q. Have you tried to trace this cheque out of the proceeds of which you imagine this deposit was made?

A. It is impossible to trace the cheque out of which it was made, but from enquiry at the Caisse d'Economie, they say that a cheque of \$5,000 of the Honourable Mr. Mercier, endorsed by Mr. Pacaud, was cashed on the 2nd March. We find in our books an entry of \$5,002 cashed by them on the 2nd of March, which would appear to include another cheque of \$2.00. For this they gave us their cheque on the Banque Nationale.

Q. What information can you give us as to deposit slip for \$3,000, No. 188?

A. This deposit appears to have been made by Mr. Pacaud in one hundred and twenty-five dollar bills, making \$600, and twenty-four hundred dollar bills, making \$2,490, or in all \$3,000.

Q. Do you know what bank bills?

A. No. It is impossible to trace them in any way.

Q. What about the proceeds of the cheque for \$5,000 which was cashed that day, did he obtain the money for that cheque over your counter?

A. I should think if he were going to deposit he would draw it in larger bills.

Q. Or would have deposited a cheque?

A. Would have deposited a cheque. He may have drawn it in small bills and changed the amount afterwards and brought back the bills and deposited them.

Q. In whose handwriting was that slip?

A. I could not say in whose handwriting it was? I think it is none of the clerks in the bank. It is signed by Mr. Pacaud as depositor apparently; this is his signature.

Q. What details can you give as to deposit slip dated March 5th for \$1,000, on which the name of Barthe appears being **Exhibit No. 190**?

A. This slip was apparently made out by our accountant with the name of Barthe written across it. He does not remember the circumstances, but he presumes that Mr. Barthe deposited the money for Mr. Pacaud, or Mr. Pacaud stated that it was received from Mr. Barthe.

Q. What is the date?

A. It is dated the 5th March, but he cannot remember the circumstances connected with it.

Q. To what account is that credited?

A. The Savings Department account.

Q. Now speaking as to the deposit of the 9th March for \$500, being **Exhibit No. 191**, how about that?

A. It is impossible to trace anything in connection with this deposit.

Q. In whose handwriting is it ?

A. I cannot say in whose handwriting it is.

Q. What bills ?

A. Ten fifties, equal to \$500.

Q. Speaking as to the deposit slip of the 12th March, for \$4,000, being **Exhibit No. 192** ?

A. This was a portion of the proceeds of a note for \$500 already referred to in my evidence, discounted March 12th, 1891, and dated March 10th, 1891, at 4 month's date, due July 13th 1891, signed "Ernest Pacaud" and endorsed by H. Mercier, J. I. Tarte, C. A. P. Pelletier and C. Langelier. \$4,000 was placed to the credit of Mr. Pacaud's account in the Savings Department, and \$865.20 to the credit of his ordinary account.

Q. What is the date of that note ?

A. Dated 10th March. It is numbered 7025.

Q. And is known as **Exhibit 193** ?

Witness nods assent.

By Mr Hall :—

Q. Then the proceeds of this note you have just referred to, dated 10th March, passed almost entirely through the Savings Bank account.

A. Yes, \$4,000 passed through the Savings Bank account.

By Hon. Mr. Justice Davidson :—

Q. Do you ever recollect having possession of a note of \$6,000 made by Mr. Mercier, at least made by Mr. Pacaud and endorsed by Mr. Mercier and Mr. Pacaud. There was a statement made to that effect by Mr. Pacaud at page 407 of the evidence, and you are asked to recall any circumstances about it, that you can ?

A. There may have been a note of that kind placed on collection. I would not be certain as to the amount, but I think there was a note placed on collection and afterwards withdrawn ; but I think there was no discount of that amount with us.

Q. By whom was it placed on collection ?

A. By Mr. Pacaud.

Q. Why placed on collection by him when he was the maker ?

A. I cannot explain that.

Q. It could not have been placed on collection then ?

A. Oh ! yes, I think it was, although he was the maker. That incident itself has impressed it on my mind that it was made by him.

Q. Mr. Pacaud deposited this note of \$6,000 due by him, to be collected from whom ?

A. I could not say whom it was to be collected from. I know he was the maker.

Q. What became of it afterwards ?

A. It was afterwards withdrawn by him, I believe.

By Mr. Hall :

Q. If it was left for collection, I suppose it would be entered in the books of the bank ?

A. Yes.

Q. Have you looked to see if it is there ?

o, I think not. As it was not discounted, I did not look.
r. Webb, will you look at the note now shown you and filed in this matter as **No. 98**, and state if you ever saw the note before?
es, I believe that note was placed on collection in our bank, on account of Mr. and afterwards withdrawn.
ave you any mark on it?
ne accountant's number for collection is here, No. 8026 ; also, the 3rd October, date of the note.
ne due date of the note. Will you look at this **Exhibit No. 190**, and state if you see whether on or about the 5th March, there was a draft or any cheque sent to e ?
o, I have not examined.
ou read the word "Barthe" on that. Also, that it was to be paid to Mr. Barthe?
would be very likely on a cheque that would be drawn. Of course we have no . It is impossible to trace these cheques.

Hon. Mr. Justice Davidson :—

hat cheque do you refer to ?
ne with the word "Barthe" on it.
further the deponent saith not.

HONOURABLE CHARLES LANGEЛИER again appears and deposes as follows

Hon. Mr. Justice Baby :—

d you examine the statement I prepared ?
es.
it correct ?
ere is an amount of five hundred dollars (\$500) for the Fortress Hotel upon which agree.
ou did not reimburse him ?
ave not reimbursed him ; but I never subscribed to the stock, I was never put in of the stock, and I am prepared to return the stock to Mr. Pacaud.
ith that correction, the statement which I make.....?
ith that correction, the statement is correct.
ith that exception of the Fortress Hotel stock ?
is a question of interpretation ; but I do not consider myself bound, as I never e stock book, I never saw the receipt, it was Mr. Pacaud who got the receipt and yet.
ad you do not intend to become a shareholder in the Fortress Hotel ?
ny way, I believe that it is of no consequence, the works are not going on very
the amount mentioned in the statement.

A. It is mentioned. The total amount, according to the statement I have in my hand and which I produce, of the sums handed to me by Mr. Pacaud, amounts to \$5,214.38. In that statement the five hundred dollars paid as subscription to the Fortem Hotel in my name is not included, as I never subscribed for the stock and never signed the stock bill and was never put in possession of the stock.

By Mr. Cosgrove :—

Q. I saw, Mr. Langelier, that Mr. Pacaud said this in his evidence : if I can depend upon the "Electeur".

"There is a deduction to be made, Your Honour. On the ninth of May I recapitulated all the sums which I had advanced to Mr. Charles Langelier previous to the ninth of May and I got him to give a cheque for two thousand and seventy-two dollars and some cents and I had that cheque cashed on the eleventh of July. In the statement which I produced I took into account only the moneys that I had given to Mr. Langelier I did not take into account my other transactions, what he may have reimbursed me, I further reimbursed out of these amounts five hundred dollars (\$500) which Mr. Langelier had lent me, and afterwards I remember that on the ninth of May he gave me a cheque for two thousand and seventy-two dollars and some cents, which was the total amount which I had previously advanced to him. I cashed that cheque, and the amount was put to my credit in my bank book."

Does that agree with the explanation you gave respecting the cheque for two thousand and seventy-two dollars ?

A. Perfectly.

Q. If I understand correctly, the cheque for two thousand and seventy-two dollars was given by you to meet disbursements which Mr. Pacaud had made for you previous to the ninth of May ?

A. As I have had occasion to say, it was Mr. Pacaud himself who kept an account of all the advances which he made, and as I had the fullest confidence in him I relied entirely upon the explanation he gave me.

Q. Did you take note of all the moneys he advanced to you ?

A. Not at all ; the only note that I have, is my bank-book which I had and the statement of my cheques.

Q. When he gave you cash, for example, did you not take a note of it ?

A. There is only one item of fifteen hundred dollars (\$1,500), I believe, which he handed to me in cash ; the rest was made, if I mistake not, in the shape of deposits.

Q. Will you give about the date of the last efforts which you made with the Building Society to get a loan of eight thousand dollars (\$8,000) ?

A. I have not mentioned either eight thousand dollars (\$8,000) or any other sum.

Q. I mention the sum of eight thousand dollars (\$8,000) ; I happen to know that it is eight thousand dollars (\$8,000).

A. You do not know it, because there was never any question of amount between Vallière and myself. You are better informed about my business than I am myself.

Q. Than you wish to appear to be. In any case what date was that ?

A. I cannot fix the date, but I know that it was last spring.

Q. The last time ?

A. No; the last time I spoke to Mr. Vallière, it was about four weeks ago; I think that it was when the Commission was decided upon. I might have done business with the Building Society and paid off Mr. Pacaud; I was advised not to do it, because it would be said that it would have been a confession of guilt, if I had paid the sums which Mr. Pacaud had advanced to me.

Q. About the time that the Commission was appointed?

A. About that time, and it was following up conversations on the matter which I had already had with Mr. Vallière, last spring.

Q. Now, I see that Mr. Pacaud has declared here, respecting the ownership of the *Electeur*, as follows:

These are the changes in the ownership of the *Electeur*, says Mr. Pacaud:—

"July 15th, 1880, declaration of Charles E. Gagnon, pending the incorporation of the Quebec Printing Co.; November 17th, 1881, declaration of Charles E. Gagnon, for the Quebec Printing Co.; July 3rd, 1882, declaration of E. Pacaud, J. Plamondon, J. Archer, junior, and A. J. Auger; July 1st, 1883, declaration of E. Pacaud, J. E. Plamondon, J. Archer, junior, and J. Auger; September 18th, 1884, declaration of E. Pacaud and Charles Langelier; January 9th, 1886, declaration of P. B. Casgrain and Wilfrid Laurier; March 22nd, 1886, declaration of P. B. Casgrain and Wilfrid Laurier; December 1st, 1886, declaration of E. Pacaud and Ulric Barthe; December 9th, 1889, declaration of E. Pacaud."

Q. Will you state whether Mr. Pacaud's declaration, respecting the changes in the ownership, are correct to the best of your knowledge?

A. I have not ascertained it myself, but I have reason to believe that it is correct.

Q. Now, I see that on the ninth of January, eighteen hundred and eighty-six (1886), there was a declaration of ownership of the *Electeur* made by Mr. P. B. Casgrain and Wilfrid Laurier?

A. Yes.

Q. From that time the ownership of the *Electeur* had gone from you and Mr. Pacaud to Messrs Casgrain and Laurier?

A. No.

Q. How could these gentlemen have made a declaration of ownership in the Clerk's office?

A. If you wish me to explain it, I will. It was because Mr. Casgrain at that time pretended that Mr. Pacaud occasioned too much expense for the *Electeur* and that he could manage the *Electeur* so that it would pay. Then, he put his name nominally on the *Electeur* to supervise the accounts, to supervise the expenses of the *Electeur*. Mr. Pacaud, to protect himself, rightly or wrongly,—at that time Mr. Pacaud and Mr. Casgrain were not on good terms—Mr. Pacaud placed Mr. Laurier's name to protect himself. It was perfectly understood that Mr. Casgrain did not put a cent into the paper, was not at all interested in the paper, what he did then, he did gratuitously. He came to supervise the expenses of the *Electeur*, but that did not in any way change the relations of Mr. Pacaud and myself with the *Electeur*.

Q. And this continued up to the first of December, eighteen hundred and eighty-six (1886), when Mr. Pacaud and Mr. Ulric Barthe made a declaration of ownership of the *Electeur*?

A. I do not remember the dates exactly, but the relations of Mr. Pacaud and myself with the *Electeur* continued to be the same as they had previously been up to the time the new firm, the firm of Belleau & Co., was formed.

Q. What share had you in the *Electeur*?

A. The plant had been bought by subscriptions which Mr Pacaud and I had collected among our political friends; and these political friends who had subscribed were perfectly satisfied that the *Electeur* should continue without being obliged to incur further expenses.

Q. Had you a printing stock at that time?

A. Certainly.

Q. In eighteen hundred and eighty-six (1886)?

A. I do not remember. In eighteen hundred and eighty-six (1886), I know that we had plant, we had a press, even two. Later, I do not know whether the poor *Electeur* had not been sold out, and we got it printed at Mr. Demers.

Q. As a matter of fact, I believe that I am correct in stating that in eighteen hundred and eighty-six (1886) there was absolutely no plant belonging to the *Electeur* and that it only had an office in Mountain Hill?

A. There was the title of the paper which was worth a good deal.

Q. Besides the title of the newspaper, there was no plant?

A. I am not prepared to say; I think there was very little plant in any case.

Q. Now, in his evidence, Mr. Pacaud said that, from the year eighteen hundred and seventy-eight (1878), it was known to the Liberal party that he was the distributor of political funds in the district of Quebec; you knew that, did you not?

A. I knew that Mr. Pacaud took a very active part in the political struggles; I had occasion, along with him, to get political subscriptions from our friends.

Q. And specially during the last few years, when money was required for political purposes in this district, Mr. Pacaud was drawn upon?

A. I had occasion to see him several times.

Q. As, when the revision of electoral lists was concerned?

A. I saw by his deposition that he did so this year, but I had not seen him doing it before.

Q. But you knew of it in a general way?

A. No, I did not know it. When I was a member of the House of Commons I made the revision of my lists at my own cost and charges; I did not get money from any one.

Q. But you knew in a general way that when money is wanted for the party, it is to Mr. Pacaud that they go?

A. When there is any.

Q. It is generally known that there is?

A. Well, it is not generally known. I have often seen Mr. Pacaud himself putting out his own money; he did not hesitate to advance his own money when necessary.

Q. Now, before the adjournment, we spoke of several cases in which Mr. Pacaud acted as solicitor with the Government, when claimants made claims against the Government; we mentioned the Lockwood matter and also the matter of Mr. Whelan, the contractor for the Court House; I also remember that he acted as solicitor with the Government in the matter of Mr. John J. Macdonald, the contractor of the Temiscouata Railway?

A. I had no knowledge of that; I believe that he once told me, I am not positive; but personally I had no knowledge of it.

Q. You knew that in that matter Mr. Pacaud received twenty thousand dollars (\$20,000) from Mr. John J. Macdonald?

A. No, I do not know it.

Q. Did you hear Mr. Pacaud say so ?

A. I do not remember having heard it.

Q. Do you not know that he received a large sum from Mr. John J. Macdonald in connection with that matter ?

A. I do not remember... I had no knowledge of it.

Q. When this matter was in question, when Mr. John J. McDonald asked for a certain subsidy from the Government, or rather... Do you remember that on one occasion when Mr. Pacaud so acted as solicitor with the Government, Mr. John J. Macdonald wished to have an order in Council passed respecting the debentures of the Temiscouata Railway, and that he was obliged to employ..... that he employed—I do not wish to state he was obliged to employ—but that he employed Mr. Pacaud, and that you became directly aware of it at the time?

A. I do not remember that at all.

M. Béique :—

I submit that my learned friend is going entirely out of the Baie des Chaleurs matter.

Hon. Mr. Justice Jetté :—

It seems so to us.

Mr. Casgrain :—

The fact is that if I follow the ordinary rules of cross-examination, I am only clearing up a point which was touched upon in the examination in chief.

Q. Mr. Langelier, had you any knowledge of the following telegram :

April 17, 1891.

THE HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Quebec.

I fear to be detained here by illness longer than I thought. You may proceed to business in my absence. I ratify in advance all you will do in the matter of the Baie des Chaleurs Railway. Langelier will tell you exactly what was decided upon before the departure of Mr. Mercier. I am informed that any delay in this matter may be prejudicial to the interests of the enterprize and of the Province.

(Signed), J. E. ROBIDOUX.

A. Mr. Garneau communicated that telegram to us in Council, as far as I remember.

Q. Now, will you state, if you please, at whose request it was that Mr. Robidoux sent that telegram to Mr. Garneau and under what circumstances he did so ?

A. It would embarrass me a good deal to tell you.

Q. You do not know whether it was in reply to a letter or a telegram which you sent to Mr. Robidoux ?

A. I may have telegraphed to Mr. Robidoux, but I doubt it, I believe rather that it was after Mr. Robidoux had met Mr. Garneau in Montreal. At that time Mr. Robidoux expected to come to Quebec; not having come, I suppose that he sent that despatch to inform Mr. Garneau. As far as I am concerned, it was merely to say to Mr. Garneau what I have stated here this morning, that is, what happened on board the special car, when we went to New York.

Q. You know that your brother, Mr. François Langelier, gave an opinion to corroborate Mr. Cannon's opinion of the twenty-fourth of April?

A. Yes, Sir.

Q. Who asked Mr. François Langelier to give that opinion?

A. I believe it was agreed upon between us in Council.

Q. Are you sure?

A. Well, I am almost certain. It was because Mr. Garneau wished to have a legal opinion; in Mr. Robidoux's absence he did not wish to take the responsibility of an opinion in an affair of such importance; and as Mr. François Langelier generally acted as counsel for the Government at Quebec,—the question was simply one of the interpretation to be given to the statutes. And this shows once more all the precautions taken by Mr. Garneau throughout the whole of that transaction.

Q. Now, had you any knowledge of a letter, which your brother, Mr. Chrysostôme Langelier, wrote to the *Etendard*, of Montreal, about the third of June, eighteen hundred and ninety-one (1891), respecting this Baie des Chaleurs matter?

A. I saw it in the *Etendard*, I believe, or in another newspaper, if it was reproduced; I saw it in the papers.

Q. At that time, there had already been question of the Baie des Chaleurs matter in that paper?

A. I do not know if it was before or afterwards, but I remember having seen something, an article, in the *Electeur*, in reply to certain accusations which were made, I believe, by the *Etendard*.

Q. The *Courier du Canada* had also spoken of it at the time?

A. Perhaps.

Q. Did you have a great many meetings of the Executive Council in connection with the passing of the Order in Council No. 237?

A. Yes, many, because I remember that I had returned with Mr. Robidoux from our trip in the Southern States. We left Montreal the 13th of March, and I only returned to Quebec the evening of the 12th April. Some days afterwards Mr. Garneau told us of Mr. Thom's letter and the interviews he had had with him. During our absence, practically, all these negotiations had ceased between Mr. Garneau and Mr. Thom. The Order in Council was only signed towards the end of April, so that the discussion of this affair must have lasted nearly two weeks.

Q. Nearly two weeks?

A. Yes, nearly, it certainly lasted ten days.

Q. Mr. Thom only came on the 16th the Order in Council was signed on the 23rd?

A. Yes, but as we had Mr. Thom's proposition in our possession, we had discussed it for sometime, and later on we sent for Mr. Thom to give some explanations on the subject, but while he was absent we studied this proposition in Council.

you look at **Exhibit No. 41** and state in whose handwriting are the interlineations and notes ?

The reference, indicating the statute, is in my brother's writing.

Chrysostôme Langelier ?

As to the other writing, the interlineations, I do not know it. The reference is a reference to a statute. The rest, the interlineations of which you speak, are in pencil, I do not know the writing.

Do you know where this Order in Council was prepared ?

I do not know. It came to the Council already prepared. Mr. Garneau brought it before the Council. It was an Order in Council relating to his department.

When you gave your opinion, on the 20th of April, "J. E. Robidoux, Attorney General, for the Attorney General," what report had you before you at that time ?

I could not tell you.

Do you see that there is one here dated the 20th of April, which bears the same date as the other ?

I could not say whether it was one or the other.

I cannot say ? Will you look at it and say whether it is the report which was first presented or the report which was finally accepted ?

It is impossible for me to tell you on oath. I cannot say which was finally adopted. I do not know whether there were three of them.

When acting for Mr. Robidoux, I suppose you must have approved the report before it was presented by Mr. Garneau to the Council ?

I think so, that might easily be the case. We had looked into the question, and at the time of putting it into type writing we acted on the verbal opinion, intending to correct it later on. I am not positive.

When you look at this letter written on paper marked "Executive Council" and introduced as **Exhibit No. 24**, signed by Mr. Garneau, addressed to Mr. Thom, dated April, 1891, and afterwards returned by Mr. Thom to Mr. Garneau, and tell me if you know the writing of this letter ?

I do not know the writing at all. I never knew anything of that letter except to find it once in Mr. Mercier's hands, a few days ago. I had never seen it before.

When you were away in the United States, did you receive letters or telegrams from anybody asking you to hasten your return to Canada ?

I do not know of any.

I do not remember ?

I certainly received none.

I do not know if Mr. Robidoux received any ?

I do not think he did.

We have yet one more question to ask you ; this will be the last : Have you any idea of telling us what is the approximate cost, as near as possible, of the house you are building ?

I will tell you with pleasure, for all your papers and the evil tongues of this city have asserted that this house would cost \$40,000 ; well if you will give me half, I shall give it up to you. I have gone to the trouble of getting my architect, Mr. Berlin, to prepare a statement of all the contracts for the house when built, all complete, it will

cost about \$18,000. And since Mr. Casgrain wishes me to speak of the house, I shall tell him this: It is not such a great piece of extravagance as has been asserted. Besides my emoluments as minister and my indemnity as a member of Parliament, I have my share as formerly in the firm of Montambault, Langelier & Langelier, and I received, on the 12th of the present month of October, from Mr. Montambault, our cashier, a statement of my share from the 1st of January, 1890, amounting to four thousand eight hundred and odd dollars. Since I have to give account of my affairs, I do so. I may add that I own a house on de Brebœuf street, that I have practised as a lawyer for 16 years, and this house is openly for sale as advertised in the newspapers.

Q. You paid \$3,000, I think, for it?

A. Less than that, but I have put it in good order. The house is worth at least \$3,000.

Q. I am obliged to ask you to enter into some other details?

A. Enter my house if you like.

Q. Not being a minister I could not pay for it.

A. But you are on the point of being one. I will hand over my house and my portfolio to you.

Q. You said that a statement was given to you on the 4th October?

A. The 12th October.

Q. Of your office accounts from the 1st January, 1890?

A. Yes, up to the 12th October.

Q. And your share was.....?

A. Four thousand eight hundred and twelve dollars, I think.

Q. For a year?

A. A year and some months.

By Mr. Bédou:—

Q. When did you decide to build your house, Mr. Langelier?

A. About eighteen months ago, at least.

Q. About the time when you spoke of it to Mr. Pacaud?

A. Certainly.

Q. Was it at that time Mr. Pacaud promised to assist you, if you needed assistance?

A. Yes, certainly, Mr. Pacaud was one of those who most strongly urged me to begin building.

Q. You have produced a statement of five thousand and a few hundred dollars which Mr. Pacaud advanced to you?

A. Yes.

Q. This sum was advanced at different times?

A. At different times.

Q. With your knowledge of Mr. Pacaud's means, the money he made by the *Électeur*, were these sums thus advanced of a nature to cause suspicion in your mind as to their origin?

A. Not at all, because I knew perfectly well that, apart from the large amount he made by the firm of Belleau & Co., Mr. Pacaud could easily raise the money at the bank. I knew that his credit was good here, at the Banque du Peuple and the Union Bank.

Q. Did you know personally that Mr. Pacaud, about that time, had acted for a great number of claims against the Federal Government ?

A. Yes, that was sometime previous.

Q. He made a considerable sum in this way ?

A. Yes, I know that he made a great deal in the claims for the St. Charles embranchement. He settled twenty or twenty-five claims.

Q. That is to your personal knowledge ?

A. Yes. There was also a claim of Mr. Arthur Murphy for a wharf at Levis, which settled him a good round sum.

Q. At the time when any of these advances were made to you by Mr. Pacaud, did you now or had you any reason to know that Mr. Pacaud had received or was to receive any sum whatever in the Baie des Chaleurs affair ?

A. Not at all. I was absolutely ignorant of what Mr. Pacaud had received or was to receive in the Baie des Chaleurs matter.

Q. About June 30th, do you remember if Mr. Pacaud showed you a letter of the Hon. Mr. Mercier ?

Messrs Hall and Casgrain object to this question.

Mr. Casgrain :—

If this letter is not now in the possession of the Commission and we cannot see it, examine or at least find out where and when it was written, I do not think that we ought to...

Mr. Bétique :—

I will not examine the witness as to the contents of the letter.

Mr. Casgrain :—

It was not destroyed by any act for which we are responsible, and Your Honours know how it disappeared.

Mr. Bétique :—

I suppose I may be allowed to confirm Mr. Mercier's evidence ? I was not I who destroyed that letter.

By Hon. Mr. Justice Baby :—

Q. You do not intend to prove the contents of this letter ?

Mr. Bétique :—

No. I am asking the witness if he remembers Mr. Pacaud's giving him a letter of Mr. Mercier on the 30th June ?

Hon. Mr. Justice Jetté :—

We will permit a general question.

The Witness :—

Yes, Sir, I knew of it.

Q. Did you, at that time, take some steps with Mr. Pacaud towards the Hon. Senator Pelletier?

A. Yes, I went with Mr. Pacaud... Mr. Pacaud communicated to me that part of Mr. Mercier's letter in which he asks for a certain sum of money. He asked me to accompany him to Senator Pelletier's house, Mr. Pelletier having still in his possession one of the blank forms left by Mr. Mercier before his departure. I accompanied him to Mr. Pelletier and he shewed him that part of Mr. Mercier's letter, received from him the blank forms, and Mr. Pacaud negotiated them at the bank.

Mr. Casgrain :—

I have some questions to ask Mr. Langelier.

Q. You say that Mr. Pacaud had settled certain claims on the Intercolonial?

A. Yes.

Q. Do you remember in what year?

A. I cannot say exactly.

Q. But about what year?

A. I cannot tell.

Q. There is a circumstance which ought to recall it to you. Was not Mr. Justice Cyrias Pelletier acting?

A. Yes.

Q. How long is it since Mr. Pelletier was made a judge?

A. I have never seen his commission. I cannot say, five or six or four or five years ago, I do not remember.

Q. The claims were pending for a long time?

A. They were settled five or six years ago.

Q. Amongst others the claims of Mr. Damase Turgeon were settled?

A. There were eighteen or twenty of them.

Q. Almost all in Mr. Damase Turgeon's name, who had bought up the claims of the other farmers of St. Charles?

A. Mr. Turgeon, to the best of my recollection, owned a certain number of these claims. There were others concerned, represented personally by Mr. Pacaud.

Q. You know that to get this note for \$20,000 discounted at the Banque du Peuple, Mr. Pacaud was obliged to have the endorsement of one of our best names that is Mr. Vallière's?

A. I learnt this afterwards, but I did not understand that it was necessary to have Mr. Vallière's endorsement in order to pass the Provincial paper; on the contrary, I understood that Mr. Vallière agreed to endorse it because he was guaranteed by the Provincial paper.

Q. Here is a newspaper that I wish to produce as exhibit..... Will you observe, if you please, the *Courrier du Canada* of the 27th April, 1891, and state if you read the paragraph headed "A Rumor?" which reads as follows:—"A Rumor. "A rascally affair is being plotted" at this very time in the Ministerial circles of Quebec. A *grand coup de filet* to be carried out similar to those which have already attracted public attention since the beginning of Mr. Mercier's reign. Perhaps we shall have more details in a few days."

A. That is one way of making a man read the *Courrier*.

Q. You do read it, know.

A. No, I declare under oath that I very rarely read the *Courrier du Canada*, that is perhaps why I am so ill-informed. I do not remember having seen this paragraph. Any way, it is well known that scandals are discovered every day in the *Courrier du Canada*, which hang fire.

I might have seen it without paying any attention to it. It is like the Fraser scandal. I declare that I never read at the time this paragraph from the *Courrier du Canada* Exhibit No. 195.

Before I conclude, I wish to state that in the whole course of this Baie des Chaleurs transaction, I was neither approached nor influenced by any one. I acted freely without any promise whatever, directly or indirectly, of money or value or anything else; and what I did I did because I thought it was best for the interests of the country and of Gaspesia in particular.

And further deponent saith not.

A. M. THOM, re-called, testified as follows:

By Hon. Mr. Justice Davidson :—

Q. You have been called upon to exhibit the contract made by you between your Company and Mr. Hogan, as covering miles sixty to eighty?

A. Sixty to eighty.

Q. And you do not desire to put the contract of record?

A. I had rather not.

Q. On the 5th June you wrote to Mr. Garneau, as appears by a copy of your letter, Exhibit No. 61, asking for a payment, according to the terms of the letter, of \$70,000?

A. Yes, Sir.

Q. And a consent to that proposition was given you by the answer of Mr. Garneau of date the 15th July, 1891, being Exhibit No. 22?

A. Yes, Sir.

Q. Did you, in this contract with Mr. Hogan, make this additional sum of \$70,000 to be paid in the manner stated in those letters, a part of the consideration which Mr. Hogan was to receive?

A. It is included in his contract, Sir.

Q. Have you the transfers of shares which you were desired to produce?

A. Yes, Sir.

Q. These correspond with the list and the dates given by you in your evidence before?

A. Yes, Sir.

Q. Were they executed at the dates that appear?

A. I believe so. They may not have been accepted, but they were executed, I think.

Q. On the 23rd April were you in possession of the control of the franchises of the old company?

A. Nominally, yes, Sir.

Q. But in law?

A. No, Sir.

Q. You were, so far as your business was concerned?

A. Yes, Sir.

Q. But apart from your option?

A. M. Thom

A. No, Sir.

Q. On the 28th, were you?

A. Not until after I made a payment to Mr. Riopel. I think that was on the 28th. I
ment of \$40,000.

?

Q. Are you sure whether it was the 28th or the 29th.

A. The date of your discharge which you obtained? Is it not the 29th June?
il, you mean?

Q. June. What is the discharge of the date of 29th June which you had
your papers. You exhibited it before. It is on a single piece of paper?

A. This is the 18th March; that is the option.

Q. There is another one, dated the 29th June?

A. I mean the 26th June?

Q. Well, what is that

A. It is the payment of the balance of the money to Mr. Riopel.

Q. How much?

A. Rather to the shareholders.

Q. How much?

A. In all, \$32,000.

Q. On that day?

A. On that day; that is, there is cash and notes.

Q. The balance had been paid on the dates mentioned in your previous evidence?

A. Yes, Sir.

Q. Was any statement made to you, Mr. Thom, by any person as to any money which
Mr. Macdonald expected to allow Mr. Pacaud?

A. Only what Mr. Macdonald told me. He intimated that Mr. Pacaud would have to
be paid.

Q. Was any sum of \$50,000 mentioned to you?

A. I would not like to be positive about that. He left me under the impression that
Mr. Pacaud was to be paid any way. I heard once \$50,000, and then again \$75,000.

Q. Previous to April?

A. Oh! yes, Sir, six months or eight months previous to that.....

By Mr. Beique: -

Q. You have been asked if the benefit arising from your letter of the 5th June, and the
answer of the 16th June, had been transferred to Mr. Hogan in virtue of the contract
entered into with him for that part of the road extending from the sixtieth to the eightieth
mile, and you stated yes?

A. It is mentioned in the contract.

Q. Now, was he aware at the time that that required further legislation? Was he made
aware of the circumstance?

A. I do not know, I am sure. He saw the letter; in fact, it is in the possession of his
solicitors, now.

And further deponent saith not.

JOHN C. MORE, of the City of Quebec, Manager of the Merchants Bank of Canada, aged 45, being duly sworn upon the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. Have you any accounts to produce ?

A. I produce an account in the savings department of our bank, as required, from the 1st July to the 1st September.

Q. Whose account ?

A. Ernest Pacaud's.

Q. Refer to account, **Exhibit No. 90**, and state if it is the same, with the exception of a small balance with which your present account opens and with which it closes ?

A. Yes, a balance of \$62.74. That account, **Exhibit No. 90**, is correct, with the exception of that balance. I now file account as **Exhibit No. 196**.

Q. Have you anything else ?

A. I was not called upon to produce the vouchers in connection with the account, but I have them.

Q. You may as well produce them ?

A. There are two cheques charged to the account, one of which is outstanding and has not been presented for payment—a cheque of \$3,000.

Q. In favor of whom ?

A. I cannot tell you who it was made in favor of. It was accepted by the ledger-keeper, and we have not seen it since, it was accepted.

I produce a cheque dated 28th September, signed by Ernest Pacaud for \$1,000, (filed as **Exhibit No. 197**.) That is the only cheque. I produce a deposit slip dated 11th July, made out by Mr. Pacaud, for \$2,000. It was made in twenty bank bills of \$100 each.

Deposit slip is filed as **Exhibit No. 198**.

I produce also a deposit slip dated 22nd July in Mr. Pacaud's favor, in his writing, for \$2,000. That was also made in twenty bills of \$100 each, (filed as **Exhibit No. 199**.)

By Mr. Hall: —

Q. Did you look to see the bills of what bank were deposited with these two Exhibits Nos. 198 and 199 ?

A. It is quite impossible to trace that.

Q. These are large bills, \$100 ?

A. Yes. We did not keep a record of them, and it is impossible to trace them. There is a bordereau made out by the teller, and they are sent to the bank that issued them.

Q. Did you look at the slips you sent to the other banks on the dates, the 12th July and 23rd July ?

A. They would be in the hands of the other banks.

Q. Would you not keep any memorandum of them yourself ?

A. No, not of the denominations at all.

Q. Has Mr. Pacaud got another account in the Merchants Bank ?

A. Only a savings banks account.

Q. Mr. More, will you look at the cheque now handed to you, dated Montreal, July

11th, 1891, signed by C. N. Armstrong to the order of Mr. Ernest Pacaud, and attached to **Exhibit No. 89-8**, and state if that cheque was paid through your bank here, at Quebec?

A. This cheque was received from Mr. Pacaud in payment of a bill which we held for collection from Montreal. I think it was drawn by C. N. Armstrong on Mr. Pacaud.

Q. Look at the bill which is part of **Exhibit No. 89-8** and state if that is the bill?

A. There is no mark on this bill to show that it passed through our bank. It was a bill apparently held for collection in our bank, drawn by C. N. Armstrong on Ernest Pacaud, which he accepted, and when the bill became due, this cheque was handed in with the commission of $\frac{1}{4}\%$ which would be \$2.50 added to it. This cheque was sent to Montreal and was protested for non-payment there, and it came back to our hands; and Mr. Pacaud, I believe, paid it in cash. There was no cheque drawn by him on us to pay it; he therefore paid it in cash.

Q. What date?

A. I cannot give you the date without enquiry.

Q. About what date?

A. It would be a day or two after the protest of the bill—between the 20th and 25th July. I cannot speak positively about that.

Q. Will you just look again at this draft, which is part of **Exhibit No. 89-8**, a draft by C. N. Armstrong on Mr. Pacaud at Quebec, and state if that is the draft you had at your bank or if that draft ever was in your bank?

A. I can state pretty positively that this never passed through our books, because we always number our bills, and if this passed through our books it would be numbered.

And further deponent saith not.

DAVID A. ROSS, of the City of Quebec, advocate and President of the Executive Council, being duly sworn upon the Holy Evangelists, doth depose and say:

By Hon. Mr. Justice Davidson:—

It has been suggested by Mr. Beique that it might be desirable to give you an opportunity of making a statement, if you so wish.

The witness:—

I can state in a few words all that I know about this matter. Of course I am President of the Executive Council and sign the Orders in Council. What I recollect is that there were several interviews between Mr. Garneau and Mr. Thom, and I was present at some of these interviews, and after several had been held, Mr. Thom told me that there were so many difficulties surrounding the matter that he would wash his hands of the whole thing and return to Montreal. A few days after Mr. Garneau said that he was disposed to enter in negotiations, because he was getting as security bonds to the extent of \$500,000 of this road and he thought it would go through. A proposition was made to the Council by Mr. Thom, and an Order in Council was drawn up embodying almost, or I may say, completely, the whole of this proposition. That is all I know about the matter. I will, if it is necessary for me, state that I never saw Mr. Pacaud's face at all, nor heard that he had anything to do

with the matter. He never approached me nor did I ever see him, nor did he approach any of my colleagues to my knowledge. It was in the newspapers' reports of the enquiry made at Ottawa that I first found out that Mr. Pacaud was mixed up some way or other in this matter and had received a large sum of money. That is all I know about the matter, or recollect about the matter. Of course many things were said and discussed at the Council meetings, but I cannot say what was said at the Executive Council. These are private matters we cannot divulge. But that is the substance of what I know.

And further deponent saith not.

THE HONOURABLE JOSEPH SHEHYN, of the City of Quebec, Provincial Treasurer,
being duly sworn upon the Holy Evangelists, doth depose and say :

By Honourable Mr. Justice Jetté :—

Q. You are the Provincial Treasurer?

R. Yes, Your Honour.

Q. I understand that you were absent about the time of the settlement of the Baie des Chaleurs matter?

A. Yes, Your Honour.

Q. Notwithstanding that, we thought we should give you an opportunity of making a declaration before us, only, however, if you deem it expedient to make one.

A. I have no declaration to make Your Honour except that I had no knowledge of the transactions which took place between the Government and the new company respecting the Baie des Chaleurs Railway. It was only sometime after my return from Europe that I learned that such a transaction had taken place, and what were the proceedings which the Senate intended to adopt respecting the matter.

Q. Did you hear of the transaction or settlement when you were in Europe?

A. No, Your Honour, I do not remember, but it is probable that the Prime Minister may have told me that such a transaction had taken placeI do not remember that.

Q. Before leaving, had you any knowledge that there was a proposal which was communicated to you on the way to New York, in the cars, that there was question of the new indicate?

A. Yes, I knew of a letter which was submitted to me by the Prime Minister, and he asked me what was my opinion as to the reply to be given. I concurred in the reply which was given. I believe that the application is filed of record here as well as the reply.

Q. Was that all you had to do with the matter?

A. That was all I had to do with the matter.

Q. You did not know that Mr. Pacaud had any interest in the matter?

A. No, Your Honour, I was not aware of that.

Q. Did you see Mr. Pacaud on the cars on your way to New York?

A. I saw him sometimes, but I had no conversation with him nor with Mr. Armstrong respecting the Baie des Chaleurs matter.

Q. All that you know, therefore, was the proposal contained in Mr. Laflamme's letter?

A. Yes.

Q. Respecting Mr. Couper's proposal and the reply that was given it?

A. Yes, that is all.

By Mr. Casgrain :—

Q. While you were in Europe, no one communicated to you the fact that letters of credit for the sum of \$170,000 had been issued to pay Armstrong's claim or to carry out the proposal of the Cooper syndicate?

A. I had no communication from the Treasurer respecting the letters of credit in the Baie des Chaleurs matter. No report of this transaction was sent to me in Europe. I had no news of this transaction.

Q. Were you not informed that these letters of credit had been issued?

A. No.

Q. Or that the Order in Council had been passed?

A. Nor that the Order in Council had been passed.

By Hon. Mr. Justice Jetté :—

Q. When you say the Treasurer, do you mean the *interim* Treasurer, the person who replaced you?

A. Yes. I had no communication whatever either with the Assistant Treasurer or with the *interim* Treasurer respecting the Baie des Chaleurs matter.

And further the deponent saith not.

JOHN MURRAY, of the City of Quebec, Manager of the Canadian Pacific Telegraph Company, being duly sworn upon the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. You have received a summons to produce a number of telegrams?

A. Yes, Sir, I got a subpoena a little before 3 o'clock, and I went down to the office immediately and examined the file of messages, and found that the only messages that we have on hand are from the 1st May to date. I have only been here a month myself, and I find the custom has been to destroy telegrams every month—that is to say, for instance, at the end of one month to destroy the previous month's business, so the company only keep six months, business on hand, and so far as the copies of telegrams I am asked to produce, we have not got them, so far as I know of.

Q. You have from the 1st May?

A. Oh, yes, I have from the 1st May. I think they were required for March and April too.

By Mr. Hall :—

Q. Mr. Murray, you received an order the other day not to destroy messages?

A. I understood the order we got the other day was to ask us not to give copies to certain individuals named, and that, of course, we have carried out.

By Hon. Mr. Justice Davidson :—

Q. Do you mean to say that you have destroyed messages since you received that order?

A. I may say, so far as I am concerned, I know nothing about it. I have been the manager since the 1st October, and the arrangements of the office were carried on to a certain extent, so far as that department was concerned, without my knowledge.

Q. When you received that order, did you give any instructions to your clerks?

A. Yes.

Q. Have any been destroyed since?

A. Not that I know, I haven't had time to investigate this matter.

Q. Find out if any were destroyed and by whom, and come back to-morrow.

Further examination of witness postponed till Thursday, the 5th day of November, 1891.

O. DESMARAIS, of St. Hyacinth, Esquire, advocate and member of the Legislative Assembly, being duly sworn up on the Holy Evangelists, doth depose and say :

(Examined upon the special application of Mr. Bétique.)

By Mr. Bétique :—

Q. Mr. Desmarais, you acted, I believe, for Mr. MacFarlane, who was one of the subcontractors for the construction of the Baie des Chaleurs Railway?

A. Yes, Sir, from the end of August, 1889, up to the end of January last, I was Mr. MacFarlane's counsel.

Q. Had you occasion to proceed to the adduction of evidence and to concern yourself very in the case?

A. Yes, I looked after his whole business, and I brought the suit against the Baie des Chaleurs Railway Company and against Mr. Armstrong for the sum of four hundred thousand dollars, about.

Q. Do you know Mr. John J. Macdonald who was examined as a witness in this matter?

A. I have known him for about three years.

Q. Had you occasion to speak to Mr. John J. Macdonald respecting negotiations which had with the old directors of the Baie des Chaleurs Railway Company, Messrs. Riopel Robitaille?

A. Several times.

Q. In any of those conversations had there been question of an estimate for two hundred thousand dollars, which he had to defray the expenses or to meet claims which he would be to pay?

A. Yes, if the Commissioners will be pleased to allow me, I might explain the question in a few words.....

The Commission declare that the question cannot be put to the witness.

Q. Had you any occasion to meet Mr. John J. Macdonald at an interview that he had with the Prime Minister, in the Speaker's room, in the month of December last?

A. Yes. If the Commission will allow me, I will explain in a few words how I came to be mixed up with that. Being Mr. MacFarlane's counsel, I conducted the taking of the evidence at Quebec against the company ; for several days I met Mr. Macdonald, who knew that I was Mr. MacFarlane's counsel, and he kept me posted. He insisted that we should not go on with the evidence, as it might hurt his negotiation. He kept me posted as to all he was doing and I knew what was going on.

The day when the railway resolutions were introduced into the House, I do not know whether it was by accident or whether I had been sent for to the Speaker's room. I found Mr. Macdonald there. He showed me the railway resolutions, telling me that there was a mistake, that he wished to see Mr. Mercier. We sent for Mr. Mercier's and in a few minutes Mr. Mercier came in. He told Mr. Mercier that there was an error in the resolutions ; from what I remember there were two points that did not satisfy him, the number of miles and the fact that former subsidies were not mentioned. Mr. Mercier admitted that there was an error of six hundred to eight hundred miles, but it was a clerical error which he would have corrected, and he took a note on the resolutions. As to the other, he added : this is only additional, the other statutes are not repealed, they exist in their entirety. A few words were added and Mr. Mercier returned. I mention this discussion with Mr. MacDonald so that it may be understood how it came about.

I mentioned to him the figure of the subsidies of the two previous statutes, including the doubling up, including the \$280,000 with the 800,000 convertible acres and the \$50,000 for the Cascapedia bridge. I established that the figures would reach \$500,000. He appeared to be satisfied. He said : " I will see Mr. Irvine in any case." The next day, I again saw him at the St. Louis Hotel ; he told me that he had seen Mr. Irvine, and that he could not come to an understanding with Riopel ; that he had gone up to \$275,000 to cover all the debts and that he would not go further ; however, he left the matter in Mr. Irvine's hands, and that if Mr. Riopel changed his mind and would agree to his conditions, that he would notify Mr. Irvine and that he would return, that otherwise he would not continue the matter.

Q. Mr. Pacaud mentioned that the sum of two hundred and thirty dollars was paid to you during the course of last summer. Will you state whether that had anything to do with the Baie des Chaleurs matter ?

A. It had no connection, either directly or indirectly, with it. If you wish to know under what circumstances, I will tell you. It is rather a private detail. Last winter, at the time of the Federal elections, having met Mr. Pacaud in Montreal, we spoke of the organization, and he said that we should take a very active part in that struggle. I remarked to him that we were well disposed to do everything that was possible, but that, as far as I was concerned, since I have been an advocate for the past fifteen years, I have lost hundreds of dollars going about like that from right to left, and I always paid my own expenses, that I had just come out of an expensive election, that I was prepared to work in my own vicinity, but that when it was necessary for me to leave home, that the expenses would perhaps prevent me. Then he told me : " Take my word for it, I undertake to provide for your expenses up to the sum of three hundred dollars. Do not stint yourself up to \$300, I make it my own personal matter, as a subscription." I again saw Mr. Pacaud at Quebec, and I mentioned to him the fact, and when I met him in the month of July, I settled the matter. He said to me : " I am printing a pamphlet for you—it was a speech—the price for the printing is seventy dollars, I will give you a cheque for the balance. He sent me a cheque for the balance. There was no question of the Baie des Chaleurs matter. I was not aware at the time of the part which Mr. Pacaud may have taken in it, as I had ceased being Mr

MacFarlane's counsel at the time of the proceedings in continuance of suit. I was not mixed up in the transaction. I learned from the newspapers that the Baie des Chaleurs matter was settled. I came to Quebec, however, to see if that Order in Council allowed of my being paid my costs, which are not yet paid.

And further the deponent saith not.

EDWIN POPE, of the City of Quebec, Manager of the Great North Western Telegraph Company, being duly sworn upon the Holy Evangelists, doth depose and say :

By Hon. Mr. Justice Davidson :—

Q. You have been called upon to produce certain messages. Have you them with you ?

A. We have no messages for the months mentioned in the subpoena : they have all been destroyed.

Q. When were they destroyed ?

A. The month of March must have been destroyed some time early in October ; and the month of April was destroyed later in the month.

Q. You received an order, Mr. Pope ? Have you destroyed any messages since you got that order ?

A. None since then.

Q. All the messages have been destroyed before ?

A. All have been destroyed before.

Q. What is the practice in the office ? When do you usually destroy messages ?

A. Just as soon as we have finished with them for our own purpose, when they are six months or about six months.

Q. These are within the six months ?

A. April is up on the 31st October.

Q. Well, you received an order before the 31st October ?

A. We are not particular to a few days—as soon as we are through with them, we destroy them.

Q. You are sure none have been destroyed since you got the notice ?

A. I am quite sure.

Q. You have none at all ?

A. Not of these months, so far as I can tell.

Q. Well did you look ?

A. The order is given generally through me for the destruction of all business.

Q. Have you looked, since you got your subpoena, whether there were any messages there or not ? You had better look.

Further examination of witness is postponed till Thursday, the 5th day of November, 1891.

THE HONOURABLE JOSEPH EMERY ROBIDOUX, Attorney General of the Province of Quebec, having been duly sworn upon the Holy Evangelists, doth depose and say

(The Witness was examined at his residence, as owing to illness he was unable to appear in Court.)

By Hon Mr. Justice Jetté :—

Q. Mr. Robidoux, you had knowledge of the settlement of the Baie des Chaleurs Railway matter with the Thom syndicate, had you not?

A. Yes, Your Honour.

Q. The papers respecting the contract or understanding which was had between the Government and that new syndicate were submitted to you?

A. Not all; I was not here when the Order in Council was passed, I came only after the passing of the Order in Council; I was detained by sickness at Montreal.

Q. Before the passing of the Order in Council, had you knowledge of the proposal that had been made by Mr. Thom?

A. Yes, I had knowledge of it on two occasions. The first was on the journey from Montreal to New York, on the twelfth of March, I believe, when Mr. Mercier was leaving for Europe. There were on the train the Honourable Mr. Mercier, the Honourable Mr. Shelton, the Honourable Mr. Langeher and myself. During the trip, from Montreal to New York, Mr. Mercier submitted to us a letter, written by Mr. Laffamme, and containing a proposal from Mr. Thom and others to complete the part of the Baie des Chaleurs Railway, a road then commenced. A letter was dictated by Mr. Mercier in reply to that letter from Mr. Laffamme. That letter, I believe, has already been produced before the Commission. In the Baie des Chaleurs matter afterwards came up again in New York, when I was introduced to Mr. Thom, who represented the syndicate which had proposed to continue and complete the road.

Q. That was after Mr. Mercier had left?

A. That was after Mr. Mercier had left. I was then with the Honourable Mr. Langeher.

Q. Your colleague?

A. My colleague. We had a conversation of a few minutes only with Mr. Thom. Mr. Thom asked us if he might hope, he and his syndicate, to obtain the subsidy voted at the last session to continue and complete the Baie des Chaleurs Railway. We told him that the Government wished to have the road continued and completed and that as soon as he offered security to the Government that the road would be continued and finished we would be very willing to grant to his syndicate the subsidies in question. Mr. Thom asked me then what kind of security the Government wanted. I said to Mr. Thom "You know what security is: we want to be secured against all possible events and assured that the road will really be completed." After that interview at New York, I left with Mr. Langeher and others for a trip through the United States, and we were absent for a month.

When I returned to Montreal, I believe it was about the twelfth of April, I was not well, and I was detained at home, in bed until I believe the twenty-fifth of April. I am not sure of the date, but in short it was about that date.

Q. Before the twenty-fifth of April, did you have any communication with some of your colleagues respecting the contract with the Thom syndicate?

A. Yes; my recollection is that Mr. Garneau came twice to me to talk about that affair, when I was sick.

Q. Was the conversation you had with Mr. Garneau about the advantages of the contract from a material point of view, or was it with respect to the regularity of the proceedings?

A. No. There was no question as to the proceedings at that moment.

Q. Merely as an administrative act?

A. As an administrative act.

Q. So as to get your opinion as a member of the Government?

A. Yes; he spoke to me about the matter generally. As I said, I was in bed and I was not in very good condition to concern myself actively about business; I gave Mr. Garneau to understand that I hoped I would be able to come to Quebec shortly; at least, that is my recollection of the interview.

Q. Now, I understand that a few days later you were unable to come to Quebec as you had thought?

A. I was not able to come to Quebec.

Q. Then, was it at that date or that period that the telegram which you sent to Mr. Garneau, about this transaction, comes in?

A. Yes, I remember that Mr. Gélinas, my secretary, came to the house one morning, he found me in bed; then, I told him, to send a telegram to Mr. Garneau, telling him that I could not go to Quebec as I expected because I was not well enough.

Q. That telegram, if I remember rightly, stated that you approved the transaction from what you then knew of it, and that Mr. Chas. Langelier was authorized to state to, Mr. Garneau, on your behalf, everything about it?

A. What I intended saying to Mr. Garneau in that telegram, was that Mr. Chas. Langelier would give him or corroborate the information that I had given him; that is, that it was the Honourable Mr. Mercier's wish, in the public interest and in the interest of his county, that that railway should be continued and completed, as I said a short time ago.

Q. And it was with that purpose that you sent the telegram?

A. It was with that purpose that I mentioned Mr. Langelier's name.

Q. Now, later on, or a few days afterwards, you came to Quebec, did you not?

A. I came to Quebec, I believe, about the twenty-fifth, as far as I can remember.

Q. You then had interviews with Mr. Garneau?

A. I had interviews with Mr. Garneau; but unfortunately again, from the twenty-seventh, I had a relapse which detained me at home, with the exception of one or two days, I believe, I was well. I then had a relapse which detained me in bed, at my house, for two or three days, perhaps for more than two or three days, and I again saw Mr. Garneau and Mr. Ross during the time I was in bed, here, in Quebec.

Q. Did not Mr. Garneau, at that time ask you for your opinion as Attorney General, as the regularity of the proceedings which had been taken or of the documents which had been prepared?

A. No. Mr. Garneau came to my house ; I was in bed that day ; and he told me that the Lieutenant Governor wished to know what was the position of the Government at that time with respect to Mr. Thom and his syndicate. I was then suffering a good deal ; I said to Mr. Garneau that I could not at the time do that work, however I sent for my secretary that day or the next day, I believe, to whom I dictated an opinion ; but I told Mr Gélinas that in the condition in which I was.....That was the basis of my opinion, but that I did not wish that opinion to be given to the Lieutenant Governor in its then shape, as it had been dictated when I was feverish and suffering ; although I was certain that the matter of it was correct, I wanted to put it with a better shape.

Q. Was there not some difference of opinion between you and Mr. Machin, as to the effect of the Order in Council respecting the conversion of the subsidy which the statute declared to be in lands and which you thought, under the Order in Council, could be paid in money ?

A. Well, I read that in Mr. Machin's deposition and I scarcely remember that interview. In any case, the opinion of Mr. Machin, the Assistant Provincial Treasurer, was of no importance as far as I was concerned, when it was necessary to decide a question of law.

Q. At that time were the difficulties which presented themselves or the questions upon which your opinion was asked as to the carrying out of the arrangement which had been made by the acceptance of Mr. Thom's proposal ?

A. Yes. I understood that Mr. Garneau wished to have my opinion upon the position of the Government with respect to Mr. Thom, and he had also asked me to give him my opinion upon the value of the transaction itself.

Q. The value in a business point of view or in a legal point of view ?

A. From a business point of view.

Q. Now, to revert to the first interview, when you met Mr. Thom in New York, did you at the same time meet Mr. Pacaud at the hotel ?

A. I believe it was Mr. Pacaud who introduced Mr. Thom to us.

Q. Had you seen Mr. Pacaud before in the cars on the journey ?

A. Yes.

Q. He made the journey at the same time as you did ?

A. He made the journey at the same time as we did. He was not in our cars ; he came in, but he was not travelling in our cars. I think Mrs. Pacaud was invited into our cars. I think she remained in it sometime, but not very long.

Q. Was there, during the journey, any question, between you and Mr. Pacaud, of the Thom syndicate and the proposal which had been made ?

A. Well, in New York.

Q. During the journey, I mean ?

A. No.

Q. He did not speak to you about it during the journey ?

A. No.

Q. What did Mr. Pacaud say upon the matter at New York ?

A. Well, at New York, he told us that he had just introduced Mr. Thom to us, and that the former wished to take up the Baie des Chaleurs matter.

Q. Was that all that was said between you ; he introduced Mr. Thom to you ?

A. He introduced Mr. Thom to us.

Q. Was Mr. Armstrong on board the cars also, during that journey.

A. I did not see Mr. Armstrong on the cars.

Q. He did not go to New York either ?

A. Well, Mr. Armstrong was in New York when we were introduced to Mr. Thom.

Q. Had you occasion to meet him at that time ?

A. I met him to wish him good-day ; that was all.

Q. Did you not speak to him about this matter ?

A. No.

Q. After that, after the passing of the Order in Council, after the matter was closed between the Thom syndicate and the Government, had you knowledge of any steps taken Mr. Pacaud, for the success of the negotiations which had been opened up, or for the trying out of the negotiations ? Did you notice that Mr. Pacaud was interesting himself in the matter and was endeavoring..... ?

A. Yes, I noticed that Mr. Pacaud was interesting himself in the matter.

Q. Did you notice that he was pressing the negotiations, before they were concluded ?

A. I believe I met him a couple of times and that he said to me : " When are you going to finish that matter, or when are you going to finish the Baie des Chaleurs matter " ? Nothing like that.

Q. Was that before the Order in Council was passed ?

A. No, it was after.

Q. Then he was pressing the execution of the arrangement which had been concluded ?

A. Yes.

Q. Was it for the issue of the letters of credit ?

A. Mr. Thom and Mr. Garneau did not agree exactly, and Mr. Thom, at a certain time, seemed to withdraw from the matter. It was about that time that Mr. Pacaud met me, I believe, once, perhaps twice, and told me: " But what are you doing with the Baie des Chaleurs matter ? Here is an excellent syndicate, perfectly able to carry on the business successfully, which will withdraw from the matter, if you do not come to an end with it " ? or something like that.

Q. Had you any knowledge of the drafting of the letters of credit or of the preparation of the letters of credit ?

A. Yes , they were brought for me to see at the very time when I was sick in bed.

Q. So as to get your opinion as to their form ?

A. I believe that Mr. Garneau told me : " What do you say to that ? " I said : " I have nothing to say, I find that it is exactly that."

Q. Will you take communication of this draft, letter of credit **Exhibit No. 42**, and state whether you examined it and whether the initials J. E. R., at the top, are really yours ?

A. Yes, they are my initials.

Q. Those initials, I presume, were placed there to show that you approved ?

A. Yes.

Q. When you had occasion to see Mr. Pacaud respecting this matter, did he urge the advantageous nature of Thom's proposal so as to induce you to be favorable to it ?

A. Ah ! No, he merely told me what I have just said : " This is an excellent thing for the Province, and if you do not hasten, it will not be carried out." He did not speak to me about anything else than what he termed the interests of the Province.

Q. After the Order in Council was passed, did Mr. Pacaud go to see you to complain of delays which Mr. Garneau was occasioning in the settlement of the matter ?

A. Well, exactly as I have just said, not apart from the circumstances that I have just mentioned.

Q. Then, he had not spoken to you before the Order-in-Council was passed?

A. No, except in New York. I did not see him afterwards, I did not again see him after I had seen him in New York, until the twenty-fifth of April. I say the twenty-fifth it may have been the twenty-sixth.

Q. Now, after the issue of the letters of credit, did you concern yourself at any time about the negotiation or the discount of that letter of credit or of those letters of credit?

A. This is what occurred; I had returned to Montreal; I was again at home sick, it was towards the middle of May. I believe Mr. Pacaud came to see me, and after the usual exchange of civilities, I asked him what brought him to Montreal. He said: "I came here to try and get a note discounted for Armstrong, a note secured by a cheque signed by Chrysostôme Langelier, commissioner in the Baie des Chaleurs matter. I then asked Mr. Pacaud how it happened that a cheque drawn on the Union Bank and payable unconditionally was not paid and that it was necessary to discount a note and give the cheque as security before getting the cash. Then he told me, that the Union Bank was not in funds at the time, and that it had given a letter which accompanied the cheque by which it undertook to pay it as soon as it would have received the funds from the Government. I then told Mr. Pacaud without his asking me "Let me have that note, cheque and letter, and I may perhaps succeed in getting the funds." I thought I was performing a duty in trying to get the funds on a cheque having the official signature of the Government.

I knew Mr. Napoléon Lefebvre very well, he was one of my friends and a Montreal capitalist. I am not certain whether I wrote to Mr. Napoléon Lefebvre or whether I telephoned to him; in any case he came to my house, and I told him. "Here is some business that may suit you perhaps: can you discount this note," secured as I have just stated; and I showed him at the same time the letter of the cashier of the Union Bank. Then he said: "I will see," and he went away with the documents.

I did not leave the house that day. The next day I went to the Government offices and as I was passing along St. James street I met him, he came to me and said that he had tried to get the note discounted at one, or two banks and that there was some difficulty. Then I said to him: "I asked you if the matter suited you, thinking that I was giving you a good thing, but if you do not do it yourself, return me the note, the cheque and the letter; I have no interest in the matter; I was doing it to oblige some one, but take no further trouble about it." He then returned me the note, cheque and letter, and I returned them to Mr. Pacaud on my next trip to Quebec.

Q. On that occasion, when Mr. Pacaud went to see you, was he alone or was he with some one?

A. Mr. Pacaud was alone when he came to my house.

Q. Did you notice whether there was some one who remained in the vehicle?

A. I know that there was a vehicle.

Q. But do you not know whether there was some one in it?

A. I do not know.

Q. Was not Mr. Charles Langelier with Mr. Pacaud?

A. Mr. Charles Langelier was not with him.

Q. Do you remember what documents Mr. Pacaud gave you on the occasion you have just mentioned:

A. A note signed by Mr. Pacaud and endorsed by Mr. Vallière; a letter from Mr. Webb, believe; and a cheque for twenty thousand dollars (\$20,000) signed by Mr. Chrysostôme Langelier, commissioner.

Q. You stated that Mr. Pacaud had represented to you that he was trying to get that note of Mr. Vallière's discounted in Mr. Armstrong's interest, that is the note endorsed by Mr. Vallière?

A. He said to me that he came to do some business for Mr. Armstrong to obtain money for Mr. Armstrong by means of that note and the cheque which he had.

Q. Was that interview you had with Mr. Lefebvre the only step you took to discount that note?

A. That was the only step I took, and when Mr. Lefebvre told me that he could not do it himself, I told him. "Do not take any more trouble about it; I have no interest in the matter; return me the notes, so that I may return them to the person who gave them to me."

Q. Did you know that Mr. Mercier was interesting himself in the success of that proposal from the Thom syndicate?

A. Mr. Mercier was no more interesting himself in the success of the Thom syndicate than in the success of any other syndicate, but he was greatly interested in the completion of the Baie des Chaleurs Railway; he told us that he strongly desired to see that road completed if it were possible; but he had no distinction or preference for any syndicate, what he wanted was to have the thing done.

Q. Did you notice that Mr. Pacaud took considerable interest in the settlement of that matter?

A. Not more than I have just stated to the Commission.

Q. Did you know at the time or had you reason to suspect that Mr. Pacaud had any interest whatever in it?

A. I only learned it at the time of the Senate enquiry respecting this matter.

Q. Did Mr. Pacaud, after the settlement of this matter, as has been stated by some of the witnesses, settle some debts due by you?

A. Oh! never.

Q. Or in your interest?

A. Never.

Q. I ask you that question so as to know what explanations you have to give, as I believe there is a witness, Mr. Webb, who said something to that effect?

A. I believe that he would have had some difficulty in paying my debts at this time, as I do not know of any.

Q. Had you knowledge about that time, of advances which Mr. Pacaud made to Mr. Charles Langelier?

A. No, Your Honour.

Q. Now, I think there remains only one question to put to you to give you an opportunity of explaining the thing, Mr. Pacaud said, I believe, that he paid for you a sum of one hundred dollars (\$100) as subscription to the Union Club?

A. Yes, he paid it for me, but not at my request. I had been solicited by two or three of these Quebec gentlemen, to become a member of the Union Club, and I had said that I could see. I already belonged to the Garrison Club, to the St. James' Club and to several other clubs, and I had enough of clubs. Mr. Pacaud was one of the promoters or one of those who wished the formation of the club to succeed; he is one of those who asked me if

I would become a shareholder in the club; I told him I would see. While I was in Montreal, I received a letter from Mr. Pacaud sending me a receipt for (\$100) one hundred dollars, my entrance fee to the Union Club. I returned to Quebec and saw Mr. Pacaud at his house, I believe, and I asked him why he had paid the hundred dollars (\$100) for me "Well" he said, "you had not decided to join the club; I said to myself once I had paid the hundred dollars you would have to repay me and that you would be a member of the club," and I paid him the money.

By Mr. Casgrain :—

Q. Mr. Robidoux, please take communication of the letter, **Exhibit No. 34**, and state whether it is the original of the letter which accompanied Mr. J. C. Langelier's cheque and Mr. Pacaud's note endorsed by Mr. Vallière?

A. I cannot say exactly whether it is, but it is a letter of that kind.

Q. It was a letter addressed to Mr. Bonsquet, was it not?

A. To Mr. Bonsquet.

Q. By Mr. Webb?

A. By Mr. Webb.

Q. Who is this Mr. Lefebvre of whom you have spoken?

A. He is a Montreal capitalist, who is at the same time a jeweller on Notre-Dame Street, in Montreal.

Q. Is he in the habit of discounting notes?

A. Ah! yes.

Q. Can you explain how it was that that money could have been for Mr. Armstrong, when it was Mr. Pacaud's note, endorsed by Mr. Vallière?

A. Well, there was a cheque signed by Mr. Langelier to Mr. Armstrong's order, and I understood that Mr. Armstrong empowered Mr. Pacaud to obtain money for him by means of his cheque for twenty thousand dollars (\$20,000).

Q. How do you explain that a Government cheque could not be passed with Mr. Pacaud's note, endorsed by Mr. Vallière?

A. Well, Mr. Webb's letter was not very reassuring, as it did not fix a date for the payment, it only said when the cheque would be paid. I understood that the note accompanied the cheque to give a date upon which the bank or person carrying out the transaction could depend. There is a condition, I believe, in Mr. Webb's letter that it would be paid on such a date provided such a thing was done.

Q. You will notice that the letter states that Mr. Langelier's cheque will be paid if Mr. Garneau's letter of credit is paid on or before the tenth of July, is not that so?

A. Yes.

Q. Had you any doubts as to the payment of the letter of credit by the bank?

A. No, I had not.

Q. Was there a fixed date for the payment of the cheque?

(The witness reads Mr. Webb's letter.)

A. But, there was a condition in Mr. Webb's letter.

Q. The condition was that the letter of credit would be paid, that the Government would pay Mr. Garneau's letter of credit on or before the tenth of July.

A. Yes, but there was no undertaking on the part of Mr. Webb to pay on the tenth of July.

Q. It is in that way that you interpret Mr. Webb's letter?

A. That is how I understand it.

Q. Now, can you state, Mr. Robidoux, the exact date when you arrived in Quebec, after the Order-in-Council of the twenty-third was passed?

A. Well, I cannot tell you any more exactly than I just now told you; it was about the twenty-fifth, I think it was about the twenty-fifth, it was not before; I am almost positive that it was not before. Naturally, I did not take a note of those things.

A. Perhaps this will recall it to your memory: The twenty-fifth was a Saturday, Arbor Day?

A. Yes, I believe I was here on the twenty-fifth.

Q. On the twenty-fifth?

A. I believe so; I cannot be more exact, but I believe that I was here on the twenty-fifth.

Q. Now, did you have a relapse at Quebec immediately after your arrival?

A. I believe that I had a relapse on the twenty-seventh; at least what leads me to say that it was the twenty-seventh, is that on the twenty-eighth, when I initialled the letter of credit, I was in bed.

Q. Did not Mr. Ross go to your house with Mr. Garneau, when you were sick?

A. Yes, Mr. Ross came once with Mr. Garneau; Mr. Garneau came several times.

Q. Several times?

A. I say several times; three or four times, I suppose, at different times.

Q. Mr. Garneau always asked for your opinion as to the legality of the transaction, I believe?

A. No; it was an opinion on the position of the Province at the time, and my opinion upon the merits of the matter, upon the merits of the matter as a business transaction.

Q. Then, he did not ask you for your legal opinion?

A. Well, the opinion which I gave him and which I have reperused, shows that he had not asked me my opinion on the subject of the Order in Council. Any way, it was superfluous, as the Order in Council had been passed.

Q. And you gave it as your opinion that the Order in Council, having been passed, and Mr. Thom having made certain proposals which had been accepted by the Government, the Government was bound by the Order in Council and could be sued in damages if the Order in Council had not been carried out. That was the substance of your opinion?

A. That was the substance of my opinion. I am not positive whether he did not also ask me my opinion upon the question itself; but I do not think so; perhaps he did.

Q. Please take communication of **Exhibit No. 14** and state whether that was the opinion you gave, Mr. Robidoux? The original is in the Public Works record.

A. Yes, that is my opinion.

Q. And **Exhibit No. 14** is a copy of it, is it not?

A. It would take sometime to compare it, but I suppose that it is correct. From the information given me by the Secretary of the Commission, I have no doubt that this document, **Exhibit No. 14**, is a copy of my opinion.

Q. Now, when Mr. Garneau went to see you at Montreal, did he ask you for your opinion upon the merits of the matter or upon the question from a legal point of view?

A. No. To tell the truth, at that time I was scarcely in a position to give an opinion; I in bed; absolutely in bed, unable to rise. Then he came to talk over the matter with me, not entering much into the details; he spoke to me of the position. My state of health was such that I was unable to bear the fatigue of studying a question of law at the time.

Q. Now, you told me about what dates Mr. Garneau visited you in your house in Montreal?
A. I do not say; he came twice.

Q. Before the Order in Council was passed?

A. My recollection is that it was before the Order in Council was passed.

Q. Before the seventeenth of April?

A. I believe it was before the seventeenth; I believe that it was immediately after my return from New York as far as I can remember.

Q. And left you the documents, the note, the cheque?
A. Yes, I told you to give to Mr. Armstrong if you should see him.

Q. Now, in the note?

A. The question of that.

Q. Was there any question of that at all?

A. No; I did not know where Mr. Armstrong was at the time.

Q. Between the twenty-eighth of April and the fifteenth of July, did you receive from Mr. Pacaud, directly or indirectly any sum of money?

A. No, Sir.

Q. None to your knowledge?

A. Neither before, nor after, nor since; I never received a cent from Mr. Pacaud.

Q. You never received a cent from Mr. Pacaud?

A. Never.

Q. Neither directly nor indirectly?

A. Neither directly nor indirectly. So that there may be no doubt upon the question put to me by Mr. Casgrain, I desire emphatically to declare that I received nothing from Mr. Pacaud, that he never spoke of giving me anything, that I would have shown him the door if he had spoken about it, and I do not expect to receive anything. And I desire to state further, that I only learned of the Pacaud-Armstrong transaction at the time of the enquiry before the Senate.

Q. When Mr. Mercier asked for explanations upon the part you had taken in the transaction in question, did you tell him that Mr. Pacaud's note, with Mr. Langelier's cheque and Mr. Webb's letter, had been left with you?

A. I do not think so, Mr. Mercier asked me to say whether I knew of any irregularity in that matter and to tell him so if there was; now, I did not consider that an irregularity.

By Mr. Beique:—

A. Was not Mr. Cannon your assistant?

A. Mr. Cannon was my assistant at that time.

Q. Do you know whether he gave an opinion on the question?

A. Yes, Sir.

Q. Respecting the Order in Council, I believe?

Q. Yes.

Q. Do you remember whether that opinion was communicated to you, on your return to Quebec, about the twenty-fifth or the twenty-sixth?

A. Yes, I believe that it was communicated to me.

Q. Do you remember if you expressed approval, if you said that you concurred in the opinion?

A. Yes, he communicated it to me upon one point especially, it was, I believe, the question of the conversion.

Q. Have you ever, as Attorney General or otherwise, entertained any doubts as to the regularity of the Order in Council?

A. No. When Mr. Cannon spoke to me, he gave me all the explanations which he knew concerning the matter, and the whole seemed to me to be perfectly regular.

Q. And is that what you stated at the time?

A. That is what I stated at the time.

Q. You approved of the opinion he had given?

A. Yes.

Q. You approved of it verbally when his opinion was communicated to you?

A. I approved it verbally.

Q. Do you remember whether Mr. Garneau spoke to you himself about the question of the conversion of the subsidy into money?

A. My God! We had so many conversations, Mr. Garneau and I, that I do not remember just now.

Q. It is very possible that he spoke to you about it?

A. It is very possible, but I do not remember.

Q. Could you, in the conversations which you had with Mr. Garneau, have left him under the impression that you entertained any doubt upon the regularity of the transaction?

A. Ah! no. We, Mr. Garneau and I, had taken all possible precautions to be assured that the affair was a good one. Thus, before the letters of credit were signed, we talked about it, Mr. Garneau and I spoke of the matter, and I then told Mr. Garneau that there was one thing I wished to be satisfied about: that was the names of the persons who were represented by the shares held in trust by Mr. Thom; I said: "I have no fears as to Mr. Thom's honesty, but, in short, I would like to know exactly from another source by whom these shares are held." Then we telegraphed, Mr. Garneau and I, to Mr. Cooper, to know from him who were the persons for whom these shares were held in trust, and we then received the answer that there were Mr. Dawes, Mr. Williamson, Mr. Ewing and others. Then, we, Mr. Garneau and I, were of opinion that with names such as those we could not have any doubt that the enterprise would be managed in a serious way; that men like Mr. Dawes would not place their names in an enterprise which would be abortive, and we were sure that the affair would be carried out to the end.

Q. And as Attorney General, were you satisfied that the transaction was regular?

A. I was satisfied that the transaction was regular.

By Mr. Casgrain :—

Q. Who signed the telegram that was sent to Mr. Cooper asking him for whom Mr. Thom was acting?

A. I believe it was Mr. Garneau. The telegram I saw reproduced in the evidence: I think it was Mr. Garneau.

Hon. J. E. Robidoux

Q. reproduced, but not the telegram itself ?
A. I gram was sent from Mr. Garneau's office.
Q. understand that you take the legal responsibility for the opinion given
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J. BÉLANGER,
Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS-A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES-PEERS DAVIDSON, Judge of the Superior Court, Commissioners, to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

19th SITTING.

The fifth day of November, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
" " " " LOUIS-FRANÇOIS-GEORGES BABY,
" " " " CHARLES-PEERS DAVIDSON,

Commissioners.

THE HONOURABLE C. A. P. PELLETIER, of the City of Quebec, Senator, being duly sworn upon the Holy Evangelists, doth depose and say :—

By Hon. Mr. Justice Jetté :—

Q. You attended the first sittings of the inquiry, now being held before this Commission ?

A. Some of the sittings.

Q. You heard some of the depositions in which certain promissory notes were in question which were endorsed by you and signed by Mr. Pacaud, I believe ?

A. Yes, Your Honour ?

Q. And endorsed by you and the Honourable Messrs, Mercier. Chas. Langelier and François Langelier ?

A. Yes, Your Honour ?

Q. Do you remember at what date these promissory notes were so signed and endorsed ?

A. It would be difficult, Your Honour, to state the exact date. It was the evening of the day before or the same day the Honourable Mr. Mercier left for Europe. As to the exact date, I cannot give it.

Q. Were the notes completed at that time ?

A. The Honourable Mr. Mercier left with us, foreseeing that we would probably require funds for contestations of elections, which were to be taken, the Honourable Mr. Mercier was kind enough to lend us his signature on blank notes, or pieces of paper upon which he placed his endorsement. These notes remained in my possession as depositary

Q. The answer is reproduced, but not the telegram itself ?

A. Well, the telegram was sent from Mr. Garneau's office.

Q. Now, am I to understand that you take the legal responsibility for the opinion given by Mr. Cannon on the twenty-fourth respecting the legality of the transaction as carried out by the Government ?

A. You may understand this : That Mr. Cannon communicated to me the opinion that he had given, that we spoke about it together and I found that the opinion was good.

Q. Then you adopt it as if it were your own ?

A. I would not perhaps have given it exactly in the same form or in the same terms, but I approve its substance.

And further the deponent saith not.

And the Commission then adjourned.

J. BÉLANGER,
Clerk of the Commission.

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PROVINCE OF QUEBEC, }
District of Quebec.

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in case we would want them. As far as I can remember, there were four, which were given to me. These were merely blank pieces of paper upon which was Mr. Mercier's endorsement.

Q. Were those notes afterwards filled up?

A. Yes.

Q. Do you remember under what circumstances and by whom they were filled up?

A. They were endorsed and filled up, I do not know who filled in the blank, but they were endorsed by the Honourable Charles Langelier.....they were signed by Mr. Pacaud, with the endorsement of the Honourable Mr. Mercier, the Honourable François Langelier, myself, and Mr. Tarte, I believe.

Q. Do you remember how many signed blanks were made use of?

A. As far as I can remember we made use of three. The fourth remained in my possession for several weeks a couple of months even.

Q. Was that one made use of later?

A. Later, Mr. Pacaud, accompanied by Mr. Langelier, came to my office. Mr. Pacaud had a letter in his hands which he had received from the Honourable Mr. Mercier in which Mr. Mercier, for private business, for certain things which he wished to purchase, asked for a certain sum, and asked him to take it out of one of the signed blanks he had left with me. As it was the only one that remained in my possession, I gave it to Mr. Pacaud in presence of Mr. Charles Langelier.

Q. Was that signed blank filled up before you on that occasion?

A. I believe so. As far as I know, I endorsed it in presence of Mr. Pacaud and Mr. Charles Langelier. I do not remember exactly if the rest of the note was filled in. I believe so.

Q. Do you remember the amount for which the first three signed blanks were used?

A. Impossible, because I did not even look. I knew for what purpose it was, I thoroughly knew with whom I had to do, and I had not the curiosity to look neither at the date nor the due date of the note. At the time, I must have seen the amount, but I cannot with certainty state what was the amount of each of the three notes which I endorsed.

Q. Do you believe that it exceeded \$5,000 each?

A. I do not believe it. My impression is that it was \$5,000 each. However, I cannot swear it. I do not think it exceeded that.

Q. After these notes were signed and endorsed, what was done with them, who took them away and made use of them?

A. It was Mr. Pacaud who took them in charge, as being the person who was looking after the deposits to be made for the election contestations. I have never heard of them since.

Q. You did not concern yourself about getting them discounted?

A. No, Your Honour, not at all. I never saw them since.

Q. You never paid them?

A. No, fortunately.

Q. You state that these notes were signed especially to provide for the expenses to be incurred for election contestations?

A. That was the purpose of the notes which the Honourable Mr. Mercier was good enough to leave us to assist us in meeting the expenses necessary in making these deposits.

Q. Do you know how many elections were contested, how many contestations were produced?

A. I did not concern myself with that at all. I believe that first there were contestations counter-petitions.....I believe there were six or seven.

Q. I believe that you stated, in your evidence before the Senate, that there were at least perhaps fifteen ?

A. Yes, counting the counter-petitions ; but, before the Senate, I stated that I could affirm as to the number.

Q. You did not concern yourself about it ?

A. Not at all.

Q. Do you know what amount had to be deposited on each occasion ?

A. \$1,000.

Q. Can you point out to us, which were the signed blanks that were so left with you filled up, either at your house or elsewhere. Are these the notes which are now shown you ?

A. Here are four, Your Honour.

By Mr. Casgrain :—

Q. Will you indicate the numbers ?

By Hon. Mr. Justice Jetté :—

Q. Does that include the one that Mr. Pacaud came to get in the last instance ?

A. Yes, because there were three or four.

Q. Will you indicate them, either by the date, or the entry on the back ?

A. Yes. There are two of the first of April. One is marked 89-3, the other 89-9, that of the April 86-1. The last is dated the 10th of March, for the sum of \$5,000. This one must be the last of those that the Honourable Mr. Mercier.....

Q. What is the number on the endorsement ?

A. 89-5. I find that that is the last note which was asked for by Mr. Mercier, as it is the latest in date and it is the last that I gave back. That was the only one that I had in my possession ; otherwise I could not identify it, but I identify it by the date. It is the last I gave back. That of the 10th of March, is the first, that of the 15th of April then is the last. Number 86-1 is the last I gave back, at Mr. Pacaud's request, in presence of the Honourable Langelier, and the proceeds whereof were to be sent to the Honourable Mr. Mercier.

By Mr. Amyot :—

Q. For what amount ?

A. For \$5,000.

By Hon. Mr. Justice Jetté :—

Q. Finally, upon what do you base your declaration that it is the last ; have you any means of establishing it ?

A. The only means, that it is the latest in date. Otherwise I could notit resembles the others. I have no other means except the dates, because it is the last I had—unless the date has been changed.

Q. The observation I made, was because you stated that it was about two months afterwards ?

A. I did not affirm the date, because really, at the time of these notes, I so little expected the matter would come up again,—it was during the session, I had come down from

Hon. C. A. P. Pelletier

Q. I do not remember the date. I did not even notice whether the date was on the when I signed it.

Q. If I understand you correctly, the signed blanks which were given to you by Mr. Mercier, had his signature on the back, as endorser?

A. Yes there was nothing written of the rest; the date and body of the note were not an out.

Q. These signed blanks were afterwards filled up as you required to make use of them?

A. Yes.

Q. The other signatures, the other endorsements were written afterwards.

A. Afterwards, but in my presence.

Q. Now, in the statement of accounts made by Mr. Pacaud, I see that he mentions a of \$1,000 which were handed to you as election expenses?

A. Yes, Your Honour.

Q. Will you kindly tell us whether you have any explanations to give as to that?

A. I received that amount from Mr. Pacaud on another occasion for sums which were finally claimed for election accounts. The amount passed through my hands, and was immediately handed over for the purpose for which it was intended. That is the item in account produced by Mr. Pacaud as 88-32, dated the 18th of May.

Q. Did Mr. Pacaud know what this amount was for?

A. I applied it for the purpose for which it was intended.

Q. When did you give it. It was not for yourself personally?

A. Oh! not at all; I gave rather than received.

Q. When you endorsed the different notes which were produced here, was there any indication of the manner in which these notes were to be afterwards paid?

A. I remember perfectly, when Mr. Mercier in our presence signed these notes—seeing he was going away—he then mentioned that he hoped we would make use of them in discretion, seeing that he gave his signature on blanks, and the worst that could happen that we would each pay our share equally; but we counted on the reimbursing of these, in great measure, of the deposits which we made in expecting to gain some at least of contestations and to reimburse ourselves in that way. Besides, we were to have recourse to our friends to assist us to pay. There was no question of anything else at the time. We had no other resources to make them, either.

Q. From that time, did you not suspect that those notes had become due?

A. Naturally.

Q. Did you inquire how they had been disposed of?

A. No, Your Honour, not at all. The first time I became sure that the notes had been paid, was when the Baie des Chaleurs matter was in question before the Senate I supposed Mr. Pacaud had succeeded in getting some subscriptions. I had not heard of them, and did not concern myself about them; I had not heard how they had been paid.

Q. Did you not ask whether they had been paid?

A. No, I was in Ottawa at the session. I supposed that the matter had been settled, and was not spoken to about it.

By Mr. Casgrain :—

Q. Do you know as a matter of fact that the proceeds of some of these notes was made use of to make deposits in election contestations ?

A. I cannot certify to that, because I did not see it deposited. I never attended to election contestations, I was not here. I did not see personally the amount to be deposited, but I know that when we signed these notes it was for that reason that we signed. That is all that I know of it.

Q. Do you know whether among these notes there are renewals of other notes previously signed.

A. No. I did not concern myself at all about them. It would be difficult to say whether they were renewals. After signing them, I never heard of them again.

Q. You had signed a certain number before endorsing those ?

A. Yes, before that, but I do not remember the date of the signature of the first notes, and I cannot even state, from the dates of these, whether they were in renewal of the first ones ; it is impossible for me to say.

Q. When you gave the first notes, there was no question of election contestations ?

A. No.

Q. It was for electoral purposes ?

A. It was for other purposes.

Q. For other electoral purposes ?

A. Very probably.

By Mr. Amyot :

Q. Will you refer to this **Exhibit No. 98**. You recognize in it do you not, one of the signed blanks which you left, and that is the one, I believe, that you gave to Mr. Pacaud when he was at your house, two months after Mr. Mercier had left, to take the last signed blanks ?

A. I believe now that it is that one.

Q. It is that one, is it not ?

A. Yes.

Q. You did not endorse that one ?

A. Why I think that it is that one, is because the date agrees with what I stated just now, it is about a couple of months after. I cannot precise the dates. This one must be the last I gave to Mr. Pacaud, **Exhibit No. 98**.

Q. You did not endorse it ?

A. No. I gave it back to Mr. Pacaud in presence of Mr. Charles Langelier. It was not for the same purpose as the others.

Q. Some time before Mr. Mercier left, you had also endorsed one of these notes with the Honourable François Langelier, the Honourable Charles Langelier and Mr. Ernest Pacaud, on the 28th of February—this one, was it not ?

A. It was before that.

Q. That, that is exhibit.....

A. It is **Exhibit 88-1**.

Q. So that is not one of the four notes which Mr. Mercier had endorsed in blank, one of the signed blanks which he had left with you ?

A. No.

Q. We have just found this one for \$6,000; then we have dropped also, the fourth; now will you refer to this one of the 10th March, endorsed by you, and state whether that is one of the signed blanks in question?

A. This is before the date of the note which the Honourable Mr. Mercier signed before leaving—89-5

Q. Consequently, you drop that one. Of the three notes which we have looked over there is then only one of the four which Mr. Mercier had left?

A. The 30th of Junethat is one of the four.

Q. Will you refer to **Exhibit 86-1** and state whether it is one of the signed blanks?

A. The 15th April,.....I have already stated that it was one.

Q. Here is the second, here is another of the first of April?

A. I have already mentioned that one.

Q. The third would be 89-9?

A. Yes.

Q. The fourth would be 89-3, on the first of April also. These then are the four notes which were left on blank paper and which Mr. Mercier had endorsed at the time of his leaving?

A. At the time of leaving or in the evening or of the previous day.

Q. One for \$3,000.00, two for \$5,000.00 and one for \$6,000.00, in all \$19,000.00?

A. Yes, I believe so. The four notes left by Mr. Mercier with his endorsement in blank are numbers 98, 86-1, 89-3 and 89-9.

Q. To return to the two others we have spoken of 88-1, and you stated that it was previous to this one, and for other purposes, will you refer to **Exhibit 89-5** and state, after reflexion, whether it was not made, filled up and signed before Mr. Mercier left, or the very day he left?

A. I said just now, that it was the evening of the day before, or the same morning. I am not positive. I believe it was the same morning.

Q. That one, that is **Exhibit No. 89-5**.

A. Yes.

Q. You said a short time ago that the disbursements in each election contestation and counter-petition, were \$1,000?

A. Yes.

Q. That, that is apart from the disbursements which require to be made with the Prothonotary, as by law provided?

A. Yes.

By Mr. Casgrain:—

May it please the Commission. It will be observed that there is a very marked contradiction between the evidence just given by Mr. Senator Pelletier and the evidence given by Mr. Pacaud, who discounted the notes. Senator Pelletier states that the notes which are shown here are the four notes which were endorsed by him for the purpose of making deposits in election contestations. Now, Mr. Pacaud gave us three notes as being the three signed blanks left with Senator Pelletier for that purpose.

A fourth note was not used for that purpose and was used for other purposes. We have not seen it and were unable to question Mr. Pacaud upon that note. Now, seeing the contradiction between this evidence and that which Senator Pelletier has just given, and seeing that Senator Pelletier, being the depositary of these notes, must be better informed than Mr.

caud, we submit that we have a right now to see what was this other note, to show to the Commission among other things, that Mr. Pacaud's statement of account is not exact.

Mr. Bétique :—

I cannot make out the contradiction. Mr. Pacaud spoke... I believe that he was under the impression that these three signed blanks were left by Mr. Mercier with Senator Pelletier. Senator Pelletier says that in place of three it was four that he had. He agrees with the Prime Minister. Now, the signed blanks which were left with Senator Pelletier are all identified; there are two of the first of April, one of the 15th of April and another of the 30th of June.

ERNEST PACAUD, advocate and journalist, again appears, and doth depose as follows :

Hon. Mr. Justice Jetté :—

Q. Mr. Pacaud, we have prepared certain figures which are in some sort a summary of those which you yourself submitted and we wish to hand them to you, and to ask you to examine them; although it is not altogether complete, still we would wish to ask you to verify these different figures. It is under different headings: Heading of personal accounts, promissory notes that you had discounted, political expenditure, Mr. Chas. Langelier's account, Mr. Vallière's account, Montmorency election, Mr. Carrier, Mr. Deschenes, the McGreevy matter, Mr. Armstrong's drafts, etc., you will see, if you please, if it nearly agrees with your entries, and you may, perhaps, give us a summary to see whether you really approve these figures, if we have correctly summarized your statements of account.

A. Very well, Your Honour. And the deposition of the witness is adjourned.

ORDER.

Whereas Alexander L. Light, of Quebec, civil engineer, being sick in bed cannot appear before us this day, at the place fixed for our sittings, we authorize Mr. Jules Bélanger clerk of the Circuit Court and of this Commission, to transport himself to the residence of the said Alexander L. Light, in this city, there to swear him and preside at his examination, which shall be held in the presence of the counsel who have acted in this matter.

ALEXANDER LUDERS LIGHT, of the city of Quebec, civil engineer, being duly sworn on the Holy Evangelists doth depose and say :

(The present witness is examined on application of Mr. John S. Hall Q. C.)

Q. Mr. Light, you are a railway engineer?

A. I am.

Q. And of course you know the Baie des Chaleurs Railway about which this Commission is taking place now?

A. Yes.

Q. You know Mr. Armstrong, who was the contractor?

A. Certainly.

Q. You recollect the contract he had with the Baie des Chaleurs Railway?

A. I do.

Q. You were the company's engineer, I believe?

A. I was, yes.

Q. Do you recollect generally the works being done on the road?

A. I do.

Q. Do you recollect about what time the work ceased?

A. Sometime, I think, in the autumn of 1889, but I am not good on dates, and it is some years since I have been connected with it or thought about it; but I think it was in the autumn of 1889 that the works really ceased.

Q. Do you recollect giving some certificates to the Baie des Chaleurs Railway Company?

A. I do.

Q. I presume you saw a claim which was filed by Mr. Armstrong against the Baie des Chaleurs Railway Company for \$298,000, and which has been produced before the Commission as **Exhibit No. 3.**?

(Exhibit is shown to witness.)

A. I never saw that till I saw it in the Senate Committee. I never saw it and knew nothing about it until I saw it there. It was shown to me by the attorney of the Ontario Bank who asked me if I knew it.

Q. But you were aware that some certificates had been given by you to the Baie des Chaleurs Railway Company, on which that claim purported to be made up?

A. The first seven items had been given by me. They were not prepared by me. They were prepared by Mr. Armstrong and Mr. LeDuc, I presume; and they were brought to me by Mr. LeDuc for my approval. When they were first brought to me in the earlier stages of the work, I was a little surprised at the actual cash prices of the work being so much increased.

Q. As mentioned in these certificates?

A. As mentioned in these certificates. They were increased on an average of fifty per cent. They were brought to me in accordance with the contract, and the company, to fill up the price to \$20,000 per mile, the prices were increased on an average of 50 %—in some cases 80 %—but on the whole thing an average of 50 %. Before I would sign them, I went down to Paspébiac * to consult the president of the road, in whom I had a good deal of confidence; and I asked him why this large increase in price was allowed, and he told me that the reason it was increased so much above the cash value of the road was that the contractor, Mr. Armstrong, took a very considerable part of his payment in bonds.

I then asked him why they wanted to get these certificates, there are no debentures * to be had, they are all transferred to the sub-contractors, and what is the object of these certificates; and he told me that he thought the contractor wanted them simply to show his creditors that eventually money was coming to him, and they had not the slightest objection, and they approved of his having them, and I then signed them: but I took all these steps to satisfy myself that the company approved these things before I did it. The same quantities were used either with the sub-contractors or with the contractor himself. The simple difference was that the prices of the work were increased so as to bring the work up to the cost of \$20,000 per mile, which was the company's contract with the contractor.

* See note at end of deposition.

Q. Then, of course, I would understand that Mr. LeDuc made out a statement shewing what had been done upon the road or what was proposed to be done, in the various items?

A. He made them out, and they were checked by me. He made out the quantities and arranged the prices.

Q. Of course one was a certificate which would shew the relationship between Mr. Armstrong and the sub-contractor.

A. One was prepared always between Mr. Armstrong and the sub-contractor. These were likewise prepared by Mr. LeDuc.

Q. Will you look at the exhibits which have been filed in this matter as Exhibits 181a, 181b, 181c, 181d, 181e, 181f, 181g and 182, and state if these are, with the exception of Exhibit No. 181g, the original certificates which you signed and which are referred to in Armstrong's claim, Exhibit No. 3?

Witness takes communication of exhibits.

A. These are, Sir.

Q. Were they all filled up, when presented to you, as regards the figures?

A. They were all filled up, as regards the figures; and you see in the first one there I pick out something with regard to a locomotive. I did not make them; they were made out by Mr. LeDuc.

Q. Did you have, at the same time, certificates made by Mr. LeDuc shewing the relationship as to prices between the contractor and sub-contractor?

A. I had at the time. They were all submitted to me and approved by me. They were at fifty per cent lower than these on an average.

Q. Have you any of these certificates?

A. I have not. I have looked for them and cannot find them, and I don't know whether I have them or not.

Q. Have you any copies of them?

A. They really did not come under me. They were more between the contractor and sub-contractor; and I certified more, because they desired me to do it.

Q. Have you any copies of the certificates Mr. LeDuc shewed you at the time, shewing relationship between the contractor and the sub-contractor?

A. No, I have not. I have some of these, but I have not the last one. I think Mr. LeDuc was to give me the last one, but I did not get it. I have the one before.

Q. Have you any idea or can you estimate what was the value of the bonds that could be issued on this Baie des Chaleurs Railway?

A. This is a matter I have not had much to do with. I simply know with regard to what people have said. I may say this, that I went, on behalf of Mr. Armstrong, to see the Mr. James Gibb Ross, to see if he would furnish the money to complete the road. I went at the request of Mr. Armstrong, and I did my best to persuade Mr. Ross to take hold of it. I could not succeed. I told him that he would have the bonds as collateral security, but he said he would not give a button for the bonds, he did not care about them, that they were not worth fifty per cent. I immediately reported that to Mr. Riopel, and he said he thought they were worth much more.

Q. That basis of valuation, would that be conditional on getting a Government guarantee?

A. He said they were not worth fifty per cent, and he would have to give a Government guarantee.

Q. Do you know what would be the cost of the Government guarantee?

A. Two million dollars of bonds for ten years, it would be one million dollars you would have to deposit. It would be five per cent.

Q. Referring again to these certificates, I see some of them are dated the 1st July, 1889, and two are dated the 1st September and one the 9th October. Can you tell me whether they were signed by you about the same date?

A. No, I think not. They were signed at different dates. Certain parts of the work were completed before others, and those signed the latest were, if I remember, the latest completed. That is the reason, I think, of the different dates of the signatures.

Q. This claim that Mr. C. N. Armstrong would have in connection with the road, would that include the value of the work done by the sub-contractors, and, say, Mr. Macfarlane's claim?

A. Yes, we put everything into it, perfectly regardless of who it was done by.

Q. And you had been over the road sufficiently to know that Mr. Macfarlane had done a large amount of work?

A. Oh! Yes, he done a large amount of work, and some other people had done a large amount of work.

Q. And these certificates cover all the work done, no matter by whom?

A. They cover all the work done, no matter by whom.

Q. Did you have any idea of what Mr. Macfarlane's claim was worth?

A. Well, it would be difficult for me to say, because on the forty miles he did it by the day and he received a percentage of 12%.

Q. Well, from your position of engineer and having gone over the road, can you give us an approximated idea of what his claim would amount to?

This question is objected to by Mr. Beique on behalf of Mr. James Cooper and by Mr. C. N. Armstrong.

Question withdrawn.

Q. Mr. Light, from your examination of the work and the matters connected with the railway, after the work had ceased in the fall of 1889, are you able to state anything about the rolling stock?

A. Not particularly. No, I cannot state that exactly.

Q. Can you give us an idea of the value of it?

A. Well, I did make an estimate, which ought to be forthcoming. I made an estimate of the rolling stock that ought to be put on.

Q. Did it also contain an estimate of what rolling stock was on?

A. I think it was not all there. I would not like to say much about that. I am not sure about that.

Q. But you made an estimate or report to the company?

A. I made an estimate for the company of the least rolling stock that would be required. I think it was very considerable.

Q. And would shew the value of the rolling stock that should be on the road?

A. I gave it to them shewing what I considered the least that should be put on.

Q. Do you recollect what time you gave that to them?

A. No, I could not say—three or four years ago. I gave it to them pretty early in the proceedings. The work began in 1886 and finished in 1889.

Q. This report which you gave was an estimate of the rolling stock which should be on the road?

A. Yes.

Q. For the 100 miles?

A. For the 100 miles.

Q. You gave it to the company ?

A. Yes, at the request of the company, the request of the president.

Q. The president was the Honourable Senator Robitaille ?

A. Yes.

Q. Do you know what quantity of rolling stock was on the road at the time you gave these certificates, Exhibits 181a to 181g and 182 ?

A. Very little. I think there was one engine and some platform cars.

Q. At the time these certificates were made out did Mr. Armstrong put on a *prorata* amount for rolling stock that there should be on the road ?

A. I think not.

Q. Are you able to give us how much short there was of rolling stock ?

A. No, I could not.

Q. Approximately ?

A. No, I could not—not even approximately, because I have not a copy of the document gave to the president.

Q. I see that on these certificates, Exhibits 181a to 181g, out of the total amount figured on, you mention a certain percentage, 15% for the first forty miles and 40% for the subsequent miles, that should be retained ?

A. That is, the contract between Mr. Armstrong and the company says that until the road is finished to Paspebiac.

Q. And your certified amount payable is less this amount that should be retained ?

A. Yes, exactly.

Q. Now, in Exhibit No. 181a, the certificate for section A E, you certify \$461,962.25 as payable ?

A. Yes.

Q. In certificate Exhibit No. 181b, you certify the amount as payable for section F as \$146,472.08. In certificate Exhibit No. 181c, for section G, you certify the amount as payable as \$119,095.56. In the certificate 181d, for section H, the amount certified as payable is \$119,196.80. In Exhibit No. 181e, for section G, the amount you certify as payable is \$4,014.91; and Exhibit No. 181f, for section K, the amount you certify as payable is \$23,216.32, and for sections K, L, M, and N, the amount certified as payable is \$6,000. Is not that the case ?

A. Yes.

Q. And, as you have stated, it means that from the amount of the certificates, 15 % in some cases and 40 % in other cases were deducted ?

A. Was deducted.

By Mr. Beique :—

Q. Mr. Light, you have stated that when you were requested to certify the estimates filed as Exhibits Nos. 181a to 181g, you made some objections to the president of the company ?

A. I did not make any objections. I asked him the reason of this increase. I wanted to be perfectly certain that I was doing the correct thing.

Q. The president of the company, who was he at the time ?

A. Senator Robitaille.

Q. And he was satisfied that the estimates were correct?

A. He was satisfied with regard to the increase of price,—50 % increased price which I showed him.

Q. And in certain cases 80 %?

A. Yes, but it averaged 50 % all through.

Q. These certificates were signed about the date they bear or within a month or so?

A. The date would be on every one of them.

Q. Well, did you sign certificates before for previous work on the road?

A. I had signed for between the contractor and the sub-contractor.

Q. But between the contractor and the company, did you not sign certificates?

A. Not before I saw the president. When they first came to me, I went and saw him.

Q. It was]with reference to the certificates **Exhibits No. 181a to 181g and 182** that you saw the president?

A. Yes.

Q. And you are quite sure you had not signed previously for work done before?

A. I am not aware that I did. I know I wanted to have his opinion on it, and I went specially to see him.

Q. Will you refer to the certificates now shewn to you and now filed as **Exhibits Nos. 202a, 202b, 202c, 202d**, and say if you have not signed these certificates at or about the dates they respectively bear?

A. Witness refers to exhibits. Yes, these were signed by me. That is my signature.

Q. They cover work done previously by Mr. Armstrong on the road in question?

A. Yes, work done on the road by whoever it was.

Q. Will you take communication of the estimates now shewn you and filed as **Exhibits Nos. 203a, 203b, 203c, and 203d**, and say if these certificates were also signed by you at or about their respective dates?

Exhibits are handed to witness.

A. I think these are all signed by me.

Q. At or about their respective dates?

A. Yes.

Q. And they cover works previously done on the road?

A. Previously done.

Q. Did you make any objections at the time of the signing of these certificates?

A. I wish to be understood that I went to Senator Robitaille, the president of the Company, in the first instance, when the first certificates came on, and I then explained everything to him, when the first of these certificates were brought to me in the earlier stages of the work. It was not the last one.

Q. It was not at the time that you were requested to sign the certificates **Exhibits Nos. 181a to 181g and 182**?

A. No, it was in the early stages of the work, when they were first brought to me.

Q. Well, have you corrected what you said a moment ago?

A. I want to say that I went to him in the earlier stages of the work, when they were first brought to me. I then consulted him about this increase, and he gave me the reason why they were required, and from that time forward I did not consult him.

Q. Do I understand that the estimates mentioned in each of these exhibits were increased by 50%?

A. As near as I remember, about fifty per cent. In some cases they were very much more.

Q. You have stated that you had estimates of the cost of the work?

A. Yes.

Q. When you were examined before the Senate Committee, you said, I believe, that you could file them on referring to your papers. Did you not say that?

A. No, I told them where they could find them. They could find them in the hands of Mr. Leduc, the contractor's engineer.

Q. Will you refer to page 101 of the report of your evidence before the Senate Committee, and say if you did not then give evidence as follows with reference to these certificates:—

“ Q. And the actual cost of the work was about 50 % less than that?

“ A. That should be investigated by the Committee. They can get the exact figures.

“ Q. How much above?

“ A. About forty or fifty per cent, more or less.

“ Q. The certificates will shew?

“ A. The certificates will shew exactly.

“ Q. I know the reason, but you will be kind enough to explain to the Committee why you did not bring the certificates with you?

“ A. I got my notice to come here at half-past eleven in the day and to be here the next day. To do so I had to leave in an hour and a half, and I could not get the papers that were required in a hour and a half. I gave up my house a year and a half ago, and all my papers had been stowed in different boxes—the papers referring to this and other matters.

“ Q. You had not time to bring the papers? You hastened to obey the summons of the Committee?

“ A. Yes.”

Q. Was that the evidence you gave?

A. That was my evidence that I gave.

Q. That implied that you had the certificates?

A. I thought I had, and since I came back I have looked for these certificates and cannot find them. I told the Committee where they could get them—from Mr. LeDuc, the contractor's engineer. It was he made them out, and I presumed of course he had them.

By Mr. Armstrong:—

Q. Mr. Light, I believe you have already seen this paper, **Exhibit No. 180**, or the original of it, being the list of prices to make up the \$20,000 per mile, of which the different estimates were given. That is a letter-press copy of the original which was given to the company for you. Would you compare these prices with those of the estimates and see if they are the same—with those of the estimates **Exhibits Nos. 131a and 181g**?

A. They are generally the prices that were shewn to me. They are about the prices that were given.

Q. Do you see any prices that are not exactly the same?

A. I do not.

If they were read over I could compare them better.

Q. All the items that you have compared are the same?

A. It was with the original of **Exhibit No. 180** that I verified the prices of the certificates with **Exhibits Nos. 181a to 181g**.

Q. You say that fifty per cent had to be taken off these prices to get them down to a cash basis?

A. Yes, to get them to the average.

Q. That would mean to take one-half off?

A. Yes.

Q. That is to say, that anything that was down for \$1.00 would be worth 50cts.?

A. No.

Q. Mr. Light, you made use of that expression that you had to take 50% off these prices?

A. That these prices were increased fifty per cent.

Q. Then, in that case, they were only thirty-three and a third per cent too high?

A. They were increased, I found, about 50% above the sub-contractors' prices.

Q. Then, in that case, only thirty-three and a third per cent should be taken off instead of fifty per cent?

A. I said it was increased fifty per cent.

Q. Would you take communication of this document, Mr. Light, which is produced as **Exhibit No. 204**?

The production of this exhibit is objected to by Mr. Hall,

The question, on being referred to the Commission, Mr. Armstrong declares that he does not insist on the production of this document as an exhibit.

Q. You have stated that these certificates which you signed, **Exhibits Nos. 181a to 181g** were signed about the different dates which they bear?

A. Well, I cannot exactly swear to that, because Mr. LeDuc would sometimes bring them to me, sometime after he made them out. He would not catch me sometimes, but it was always within a reasonable time.

Q. But in cases of sections where no work had been done since the date they bear, is it not possible that you signed all these on the same date?

A. It is quite possible.

Q. I have a memorandum that you did not sign all these on the 13th February, 1890?

A. Quite possibly.

Q. You have no reason to doubt that they were all signed at the same time and about the 13th February, 1890?

A. Well, I couldn't say when they were signed. It is sometime ago, and it is hard to charge my memory with a thing that was not of importance at the time. I don't say they were not, but I could not say they were.

Q. You made a statement in your examination-in-chief that all the debentures had been transferred to the sub-contractors?

A. I understood they had at the time.

Q. You don't know it as a fact?

A. No, I don't know it exactly as a fact. I know a good share of them had been transferred over to the first sub-contractors, O'Brien and Macdonald.

Q. You know that?

A. I heard so.

Q. Would you be surprised to hear that there was not one dollar of debentures transferred to sub-contractors?

A. Well, I understood they had that guarantee of payment.

Q. You would not be surprised if you found out that not one of them was transferred?

A. Well, they were secured in some way. They would not have undertaken the work if they had not been.

Q. You stated also that invariably certificates given to the sub-contractors by my engineer were approved and signed by you. Do you still repeat that?

A. I think they were.

Q. Are you positive of that?

A. I cannot be positive, but I think so.

Q. Are you positive any of them were?

A. My signature was put to a good many.

Q. Are you positive of that?

A. He submitted them to me to show me the quantities. I had nothing to do with the prices of the sub-contractors at all.

Q. He would perhaps shew them to shew you that the quantities payable to the sub-contractors were the same as those payable to me?

A. It was only the quantities I cared about.

Q. That was the object he had in shewing them to you, to shew that the quantities allowed to the sub-contractors were the same as those allowed to me?

A. Exactly.

Q. And invariably they were the same? He never claimed to get a yard more for me than for the sub-contractors?

A. They were the same. I said that before the Senate Committee.

And further deponent saith not and hath signed.

The witness, after reading his deposition, states :— (1) that the word " Paspebiac " on the 3rd line of page 3, p. 768, line 34, should be " New-Carlisle "; (2) the word " debentures " on the 11th line of page 3, p. 768, line 39, should be " subsidies ", and that it was through inadvertence that he used the word debentures ; (3) that where the word " debentures " appears in his answers on pages 774 and 775 the word " subsidies " should appear instead.

L. J. CANNON, of the City of Quebec, a lawyer and Assistant Attorney General, being duly sworn, upon the Holy Evangelist, doth depose and say :

(Examined upon the special application of Mr. Bédouet.)

Mr Bédouet :—

Q. Mr. Cannon, you are assistant attorney general, are you not?

A. Yes, Sir.

Q. You were so in the month of April last?

A. Yes, Sir.

Q. Will you take communication of the opinion forming part of the Public Works record, dated the twenty-fourth of April eighteen hundred and ninety-one (1891), a copy whereof was produced as **Exhibit No. 12**, and state whether that opinion was signed by you?

A. The opinion which I have just read was given by me and signed by me on the date it bears.

Q. **Exhibit No. 12** is a copy of it, is it not?

A. The copy is not certified, but on now casting an eye over it, it appears to be a true copy of the original which I have just read.

Q. Will you state whether, although that opinion was dated the twenty-fourth of April, it had been verbally given previous to the twenty-fourth of April?

A. To the best of my recollection, the day before, the twenty-third of April, Mr. Thom, Mr. Chrysostôme Langelier and Mr. Lesage, the Assistant Commissioner of Public Works, came to my office. Mr. Lesage brought Mr. Thom and Mr. Langelier, and told me that Mr. Langelier, as representing the Government in this matter as commissioner, had certain questions to submit to me upon which Mr. Garneau, the Commissioner of Public Works, wished to have my opinion. After having explained to me why Mr. Thom and Mr. Chrysostôme Langelier had come, Mr. Lesage withdrew, he did not remain all the time, he returned to his office. Mr. Thom then had with him the certificate which is mentioned in the written opinion which I gave, and the five hundred thousand dollars (\$500,000) of debentures of the Baie des Chaleurs Railway Company, I remember perfectly that he placed these documents on a revolving book-case which is alongside of my desk, and either he or Mr. Chrysostôme Langelier then submitted the questions upon which the Honourable Mr. Garneau wished to have my opinion, which are those mentioned in the written opinion.

I then, on that date, which was the twenty-third, gave, as far as I can remember, verbally the written opinion which is produced in the record and which I signed the next day, the twenty-fourth, and I suppose—not only do I suppose but it must have occurred—that Mr. Thom and Mr. Langelier left my office, and Mr. Langelier must have communicated to the Honourable Mr. Garneau the opinion which I had given on the questions which Mr. Garneau desired to have submitted to me.

Q. Had you occasion to see Mr. Garneau on the subject?

A. Well, I do not remember, my recollection is that I did not see Mr. Garneau; I rather believe that it must have occurred, as I have just mentioned, that Mr. Chrysostôme Langelier and Mr. Thom would have communicated to Mr. Garneau the verbal opinion which I had given.

Q. Did you see Mr. Pacaud on the subject of the Baie des Chaleurs matter at the time?

A. No.

Q. Did Mr. Pacaud not go to your office respecting this Baie des Chaleurs Railway matter?

A. I do not believe so. Mr. Pacaud came often enough to my office at the time, but only by the way: we are friends and are related.

Q. Had you knowledge, at the time, that Mr. Pacaud was mixed up in the settlement of this Baie des Chaleurs matter?

A. No, Sir.

Q. The communications that you had were with Mr. Thom, Mr. Lesage and Mr. Chrysostôme Langelier?

A. Yes.

Q. Had you more than one communication with Mr. Thom ?

A. I believe that Mr. Thom only came that time to my office, with Mr. Chrysostôme Langelier.

Q. Did anything occur at that time to your knowledge which might have given rise in your opinion to suspicion as to the regularity of the transaction in any way ?

A. Not at all ; on the contrary, what occurred made me see that the Honourable Mr. Garneau was very careful in the settlement of this Baie des Chaleurs matter.

By Mr. Casgrain :

Q. Now did you notice that Mr. Garneau was very careful in the settlement of this Baie des Chaleurs matter ?

A. This is how I noticed it : After having given that verbal opinion which I mentioned.... I should say that at that time the Honourable Mr. Robidoux, the Attorney General, my chief, was sick, detained at home by illness and was replaced at the time by the Honourable Charles Langelier, that is, that when there were any departmental matters requiring to be submitted to the Council, or any question of patronage, or any question which directly appertained to the minister, and which I could not dispose of—my instructions were to apply to Mr. Charles Langelier. Then, in the afternoon, as far as I remember, of the same day on which I gave that verbal opinion to Messrs. Thom and Chrysostôme Langelier, the Honourable Charles Langelier came to me to say that the Honourable Mr. Garneau was not disposed.....

Mr. Casgrain :—

Pardon me, but that is hearsay. Did you see Mr. Garneau yourself. Speak, if you please, only of what you know personally and not from conversations which you had with Mr. Charles Langelier.

Mr. Bédou :—

I would ask that the witness be allowed to give his answer without being interrupted by the learned counsel. The witness is not telling us what happened. He is asked what made him say that Mr. Garneau had taken great care in the settlement of this matter. Then he commence to state his reasons for having said so, which were because, after having given that verbal opinion, Mr. Charles Langelier who, in the absence of the Attorney General, replaced him, came to him to tell him that the Honourable Mr. Garneau was not satisfied with his opinion, but wished to have others. Then, they wish to stop the witness from continuing that answer. Certainly it is perfectly regular ; let him answer the question. Hearsay ! why, that is all we have been getting since the commencement of the inquiry.

By Mr. Casgrain :—

I wished to simplify Mr. Cannon's evidence. I ask him this : What reasons had you in stating that Mr. Garneau took great care in the settlement of that matter ?

The witness :—

I am just about giving you the reasons, according to my view.

Mr. Casgrain :—

If Mr. Cannon saw Mr. Garneau let him say so : if he did not see him, if he has only conversations which he had with Mr. Charles Langelier, I submit that that is not proof.

Hon. Mr. Justice Jetté :—

That does not establish the fact that Mr. Garneau required it, but as far as he is concerned it explains his impression.

The witness (continuing his answer) :

The Honourable Mr. Charles Langelier come to tell me that Mr. Garneau was not disposed to depend solely upon the opinion which I had given as assistant attorney general, but as it was a very important matter and the Attorney General, Mr. Robidoux, was absent, owing to illness, he wished that the verbal opinion which I had given in the morning should be corroborated by another advocate, by the Honourable François Langelier, who usually acted as counsel for the Government. Then I said to the Honourable Charles Langelier " That is very good, here is the verbal opinion which I gave this morning to Messrs Thom and Chrysostôme Langelier when they came to my office on behalf of the Honourable Mr. Garneau with the certificate and the five hundred thousand dollars (\$500,000) of debentures," and I verbally repeated to the Honourable Charles Langelier the opinion which I had given.

Thereupon, Mr. Langelier said to me : " That is very good, I will see my brother, the Honourable François Langelier, and I will see that the Honourable Mr. Garneau's request be complied with." Then, the next day, I signed the opinion which is produced before the Commission and which I read just now, and after having signed it, I sent one of the employees of the department, Mr. Legendre, to the Honourable Mr. François Langelier's office, and the Honourable Mr. François Langelier returned me the opinion with a letter under his signature annexed to the opinion.

Q. Consequently, you did not see Mr. Garneau ?

A. No.

Q. And all that you knew of the care which Mr. Garneau was taking was from the Honourable Charles Langelier ?

A. Yes. Mr. Charles Langelier, at the time, represented the Attorney General in the Council, he came to acquaint me officially with what was required of me as Assistant Attorney General ; and that is what makes me say that Mr. Garneau took great care in the settlement of this matter, because, since I have been assistant attorney general that was the only time that similar precautions were taken when I gave an opinion.

Q. Mr. Legendre took the opinion which you had dictated, he brought it to the Honourable François Langelier and brought it back sometime afterwards with a letter from the Honourable François Langelier ?

A. Mr. Legendre took the opinion which I had signed.

Q. Who had dictated it ?

A. No, not dictated, which Mr. Legendre.....

Q. Which he had dictated.

A. As far as I remember, this is how the opinion was type-written. I have just mentioned that in the afternoon of the day on which I had given the verbal opinion, I repeated that opinion to the Honourable Charles Langelier, when he told me that the Honourable Mr. Garneau wished my opinion to be corroborated by the Honourable François

elior. Thereupon he said: Very well, I will see my brother François, and will tell him his opinion in that matter." I do not absolutely remember whether, at the time, he told his brother's opinion, or whether he said he would communicate mine to him, and I see whether he would corroborate it; in any case, he thereupon left, telling me that he would see the Honourable François Langelier to get my opinion corroborated by him. The next day, I believe it was the Honourable Charles Langelier's private secretary came with a draft of the written opinion which is produced in the record, and which had dictated to Mr. Legendre, one of the employees of the department, who puts into writing all that I prepare for the department, and after it was fairly written out, I saw the document, I read it, I saw that it was absolutely the verbal opinion which I had given the day before, and then I signed it. As a legal opinion was in question, and the Honourable François Langelier was my senior at the Bar, I believed that it was only right I should leave to him the drafting of the opinion which he had to corroborate. As soon as the opinion was fairly written out by Mr. Legendre, I read it very carefully, I saw it was absolutely the opinion that I had given the day before, and I concluded that the Honourable Charles Langelier had reported to his brother exactly the opinion that I had given to him.

Q. As a matter of fact, the opinion was dictated by Mr. François Langelier?

A. It is not to my personal knowledge, but it must have been.

Q. Was it the Honourable Charles Langelier or his secretary—I did not understand you—who brought the draft?

A. His secretary, Mr. Deguise; had what was necessarily the draft of the opinion prepared by Mr. François Langelier, and he dictated it to Mr. Legendre, who is the type-writer in the department.

Q. Did you see the written draft?

A. I believe not. The room in which Mr. Legendre put that opinion into type was out of my office; I went in and out of that room two or three times while the opinion was being type-written, but I do not believe that I looked at the writing. I saw the opinion type-written, but I did not look at the writing.

Q. Now in the opinion which you gave I read the following: "Is it necessary that the company should have by a resolution of its directors asked the conversion into money of a subsidy of 800,000 acres of land voted by the Legislature at its last session?"

A. I answer: "No, that would be useless; it would be absolutely necessary if a subsidy was granted to the Baie des Chaleurs Railway Company and payable to that company alone in question."

Q. I would like to draw your attention to the Order in Council No. 237 produced as Exhibit No. 1, and specially to the first condition mentioned in the Order in Council which reads: 1. "To reorganize the Baie des Chaleurs Railway Company," and to the third condition in the enacting clause of the said Order in Council which reads as follows; "The Government binds itself to pay the company the subsidy of 800,000 acres of land granted by Statute 54 Victoria, chapter 88, section 1, sub-section j" I wish to know if you had these two conditions into consideration when you gave your opinion?

A. Yes, Sir.

Q. You believe that you did?

A. I am sure. I read and reread the Order in Council with great care. I took these conditions into consideration, and all the others also that are enumerated, among others the condition imposed in the enacting clause of the Order in Council, and also number 1 of Mr. Thom's proposals.

Q. Which says that the company should be reorganized ?

A. No, the third proposition does not say that.

Q. The first condition ?

A. I answered yes, that I had taken these into consideration, and I also had taken number three of the enacting clause of the Order in Council into consideration, and number three of Mr. Thom's proposal.

Q. Mr. Cannon, can you cite to me a statute which allows of the paying to any one a subsidy in money, when the subsidy voted is a subsidy in lands ?

A. Yes, Sir, 54 Victoria, chapter 88, section 1, sub-section j.

Q. Read it then, please ?

A. Sub-section j.

Q. Yes.

The witness reading ?

"j. To aid in completing and equipping the Baie des Chaleurs Railway throughout its whole length, for the part not commenced, and that not finished, about 80 miles, going to or near Gaspé Basin, a subsidy of 10,000 acres of land per mile, not to exceed in all 800,000, acres payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works and to supply the rolling stock for the whole road and keep it in good working order, and also upon condition that the balance of the privileged debts due by the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant Governor in Council."

Then there is section 7 of the same statute. Taking the section which I have just read, section 1, sub-section j and section 7. and wishing to give an opinion according to the law, to the best of my knowledge, I thought that that statute allowed it and that the evident intention of the law was to allow the Government to convert into money the land subsidies granted to any person or persons who should establish, to the satisfaction of the Lieutenant Governor in Council, that they were in a position to build the road in the terms of the act.

Q. Does not section 7 of the act 54 Victoria, chapter 88, refer to section 14 of the act 51-52 Victoria, chapter 91.

A. Yes, Sir. I thought that it was necessary to interpret that last statute ; to which the section you mention refers *mutatis mutandis*, taking into consideration the legislation of last session.

Q. Now, you will observe that section 14 of the act 51-52 Victoria, chapter 91, says ;

"It shall be lawful for the Lieutenant Governor in Council to convert, in whole or in part, any subsidy in land, to which any company may be entitled in virtue of this act, into a money subsidy, by paying a sum not exceeding thirty-five cents per acre at the time the said subsidy becomes due, and another sum, not exceeding thirty-five cents per acre, when the lands allotted to the said company under this act shall have been sold and paid for, pursuant to the rules and regulations of the Department of Crown Lands, and subject to such conditions to secure the construction of the road, to which the said subsidy shall apply, as the Lieutenant Governor in Council may establish ; provided that the company entitled to any land subsidy under this act shall declare its option, within the delay of two years after the passing of this act, in favor of the said conversion of the said subsidy, by a resolution of its board of directors, duly communicated to the Government through the Commissioner of Public Works ?"

A. Yes, Sir, that statute you cite gave that right to the company. Now, the statute of session granted the same thing to any person or persons who should establish, to the faction of the Lieutenant-Governor in Council, that they were in a position to build the . That is my way of looking at it; I do not wish to force it upon you.

Q. And you cannot find other statutes, among the statutes of the Province of Quebec, which allows of the payment of a subsidy in money to any person when it is a subsidy in which that is voted?

A. I did not look for any others, as I found these sections, which I have just cited, denying the conversion of the subsidy.

Q. Now, in the beginning of your opinion, you say this: What proof should Mr. Thom and the others who negotiated with the Government produce to show that they have the control of the charter, when you gave that opinion you had in your hands, I presume the certificate of which **Exhibit No. 15** is a copy?

A. When I gave that opinion I had in my hands the certificate of which **Exhibit No. 15** is a copy.

Q. Did you know the persons whom Mr. Thom represented?

A. Personally.

Q. No. I wish you to state whom Mr. Thom represented?

A. Yes, he represented those persons.

Q. The persons who are mentioned in that certificate?

A. Yes, the Order in Council mentions that he acted for those persons, the Order in Council deals with those persons represented by Mr. Thom.

By Mr. Beique:—

Q. Who are the persons mentioned in the Order in Council?

A. In the Order in Council, Mr. Thom's proposal is cited, which reads as follows:

"We are in a position to secure the transfer of the charter of the Baie des Chaleurs by way. If the following proposition is accepted by the Government, the company, under management of a new board of directors, will be prepared to go on with the works, complete the road, and have it ready for traffic on or before the 31st December, 1892, from Capédia to Paspebiac, and thence to Gaspé Basin, as soon as circumstances will permit." And further on we read:

"The board of directors of the company, under the new organization shall be composed as follows:—James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal; and two other persons to be named by the Government."

That is what I wish to state; that those persons were mentioned in the Order in Council. I did not compare those names with those in the certificate. It was an admitted fact, or taken as admitted, in the opinion which was required from me, that Mr. Thom represented the persons named in the Order in Council, and had control of the company. That was rather a matter of verification than of law, to ascertain whether the persons represented by Mr. Thom had control of the large majority of the stock. That fact was not at all in question, that was an admitted fact, in what was submitted to me.

And further the deponent saith not.

P. A. LABADIE, accountant of La Banque du Peuple, is recalled and deposes as follows:

By Hon. Mr. Justice Jetté :—

Q. You were asked to produce the deposit slips of deposits made at certain times by Mr. Pacaud?

A. Yes, Your Honour, I have brought the original deposit slips made by Mr. Pacaud, in accordance with the memorandum given me this morning, but upon the memorandum there is an item entered as a deposit which was not one. It was the proceeds of a discount. It is the item of fourteen hundred and fifty dollars. I think I have forgotten the memorandum that was given me.....

Q. Can you explain it?

A. Yes.

Q. Upon what slip is that; of what date?

A. The memorandum given me your Honour requires me to produce the slip for an item of fourteen hundred and fifty dollars. I no longer remember the date, now, I find that this was not a deposit; this amount at Mr. Pacaud's credit was the proceeds of a discount. It is for an item of fourteen hundred and nineteen dollars and eighty cents, it is the proceeds of a discount.

Hon. Mr. Justice Baby :—

Q. Was there no slip?

A. No, There was no slip. It passes directly from the discount ledger to the current account.

Mr. Hall :—

Has the witness communicated the deposit slips to the Commission.

Hon. Mr. Justice Jetté :—

The witness does not produce a slip for the item of which he has just spoken, as it is a discount and not a deposit. It is item 88 24a.

Addressing the witness.

Q. Will you produce the deposit slips, which you have?

A. Yes, these are the originals. I can leave them. They are marked **Exhibit No. 200**.

Hon. Mr. Justice Davidson :—

Is there any significance to be attached to these deposit slips, Mr. Hall?

Mr. Hall :—

Merely to indicate that these deposits appear to have been made,—one in cash and two by cheques, that is to say: in the Exhibit produced by Mr. Labadie, **Exhibit No. 200a**, under date the 31st March, 1891, there appears to be made a deposit of a cheque of \$1,000. The deposit made according to bordereau 200d, on the 20th April, appears to have been a deposit of \$1,000, by means of a cheque. The first one, 200a does not show whether the deposit was in cash or by cheques.

Hon. Mr. Justice Davidson :—

You have only mentioned two now, a moment ago you mentioned three.

Mr. Hall : -

Well, that is an error. There are only two.

By Mr. Hall :—

Q. The first slips does not show how the deposit was made?

A. Will you let me see it.

The witness examines the document.

A. I find that the slip was made on the third of March.

Q. It is in the handwriting of an official of the Bank?

... Yes, of the receiving teller. I suppose the paper was given to him and the official gave out the slip.

Q. The slip does not show that?

A. No, the slip does not state what kind the paper was.

Q. Now, the slip for the thirty first of March indicates the amount of the deposit which was made by cheque?

A. It seems to be a cheque, yes.

Q. And the deposit on the fourth slip, made on the twentieth of April, was made by cheque also.

A. Yes, the slip mentions a cheque.

By Mr. Bétique :—

Q. For what amount?

A. One thousand dollars, the slip of the twentieth of April is for one thousand dollars.

The deposition of the witness is adjourned and at half past three o'clock in the afternoon it is continued as follows :

By Mr. Bétique :—

Q. You are an employee of the Banque du Peuple?

A. I am accountant of the Banque du Peuple.

Q. Have you a slip establishing a deposit made by Mr. Pacaud, in the beginning of July last, at the Banque du Peuple?

A. Yes, Sir.

Q. Will you produce it?

A. I produce the slip for a deposit made by Mr. Pacaud, dated the third of July 1891 as Exhibit No. 204.

By Hon. Mr. Justice Jetté :—

Q. What is the amount of the deposit mentioned?

A. That deposit Your Honour, was of two thousand five hundred dollars.

Mr. Bétique :—

Q. Two thousand five hundred dollars?

A. Yes.

By Hon. Mr. Justice Jetté :—

Q. Will you tell us the contents of the slip as to the other figures?

A. There is an item of seven thousand five hundred dollars which seems to be a cheque. Out of this amount there were withdrawn five thousand dollars which must have been paid at the counter to the person who made the deposit, the balance of two thousand five hundred dollars was placed to Mr. Pacaud's credit.

By Mr. Casgrain :—

Q. Have you the cheque in question ?

A. I cannot say that it was a cheque, I see that the item is seven thousand five hundred dollars, and I believe that it was a cheque but am not sure.

Q. You see on the left of the slip " Cheque " ?

A. That is what makes me think that it was a cheque.

Q. Have you that cheque in the bank ?

A. It would be necessary to look before saying that, it is difficult to say, as there are no details on the slip to show that that cheque was drawn on our bank or another bank. I do not know if it really was a cheque.

Q. You can give us no explanations as to that ?

A. I cannot say that it was a cheque, but I have reason to believe that it was.

Q. Do you remember having seen it ?

A. No. I can not say upon what bank that cheque was drawn.

And further the deponent saith not.

EDWIN POPE, Manager of the Great North Western Telegraph Company, recalled, testified as follows :—

By Hon. Mr. Justice Davidson :—

Q. Have you anything to say.

A. I made a personal examination and found that there are no messages for the months of March and April.

By Mr. Hall :—

Q. Of 1891 ?

A. Of 1891.

By Hon. Mr. Justice Davidson :—

Q. When did you destroy them ?

A. Those for March were destroyed sometime in the beginning of October or September. Those for April were destroyed about the end of October. The exact date I cannot say.

Q. Who destroyed them ?

A. One of the clerks by my order.

Q. Had you received the order from the Commission at that time ?

A. No, Your Honour.

Q. That only came to you afterwards ?

A. That only came to me afterwards.

By Mr. Hall :—

Q. Can you tell us the date when you gave the order to destroy these telegrams ?

A. I don't remember the exact date. It is a small matter to retain. I only know the order was given before any order was issued by the Commission, and when any order was received from the Commission the order was to retain those messages for May, June and July—not April, May and June,—I made enquiries about it and asked the clerk, and the clerk said the messages for April were destroyed.

Q. Do you recollect whether that was after the Commission commenced its sitting here?

A. It was.

Q. Do you remember that notice was given that an application would be made to have the telegrams produced here. Didn't you see that in the newspapers?

A. My order was given before that notice was given.

Q. Your order was given only after the Commission commenced sitting in this matter?

A. I think so.

Q. Did you get your orders from anybody about destroying these?

A. No.

Q. You were asked about some other telegrams for May and June. You were asked for May and June?

A. We were asked to keep copies of the messages,—not to dispossess ourselves of the copies for May and June. The sub-pœna only says for March and April.

Q. I understood that that had been sent to the Telegraph Companies too?

A. I have not received any. Here is my order (producing same). Perhaps it would save time if I said that it is impossible to produce messages on such an order as this. This is a kind of a search warrant. If we are asked to produce messages, the messages should be specified. We cannot produce a lot of messages on such an order as this.

By Hon. Mr. Justice Jetté :—

Q. We asked you to produce telegrams from such and such individuals to other individuals who were perfectly well indicated there.

A. I presume those gentlemen may have telegraphed on any subject at all.

Q. We want that.

A. I don't think I can produce them. I would like to have some time for reflection.

By Hon. Mr. Justice Baby :—

If sent to jail you would have plenty of time to decide the matter.

A. I am not refusing to produce what is required, but with such an order as this I don't see how we can produce very much. The date and the parties to whom they were sent and the subject of them would be what we would want.

Hon. Mr. Justice Jetté :—

It will be for us to choose amongst those what messages are to be produced.

The deposition of the witness is adjourned to allow him to make the necessary researches.

PAUL BLOUIN, of the city of Quebec, advocate and journalist, being duly sworn upon the Holy Evangelists doth depose and say :

(This witness is examined upon the special application of Mr. Casgrain.)

By Mr. Casgrain :—

Q. Will you take communication of **Exhibit No. 195** now shown to you, being a number of the *Courrier du Canada* for the 27th April 1891 and state whether, at that date, you saw a certain article, a paragraph in the said *Courrier du Canada* headed "A Rumor."

A. Yes, I read it at the time.

Q. Subsequently, did you see in the newspapers any other allusions to the Baie des Chaleurs matter?

A. No, Sir.

Q. Did you not see the *Etendard*?

A. No.

Q. Did you see a letter from J. C. Langelier?

A. Not at the time.

Q. Do you know to what rumor that article referred?

Objected to by Mr. Beique and objection maintained.

Q. Among the public generally at that time, Mr. Blouin, with what was that rumor reported in the *Courrier* connected?

This proof is objected to by Mr. Beique.

Mr. Casgrain :—

I am prepared to go further. I am prepared to examine Mr. Garneau and to prove by him that that was one of his reasons for his hesitating and that the bearing of that article was generally known.

Mr. Beique :—

Certainly, if you wish to examine Mr. Garneau on this point you may do so. You have already made other attempts of the same nature.

Mr. Justice Jetté :—

We think that it is better not to allow the question, all the more so that you can examine Mr. Garneau as to the fact.

And further the deponent saith not.

P. G. LAFRANCE, Cashier of La Banque Nationale being recalled doth further depose as follows :

By Mr. Beique :—

Q. You are the manager of the Banque Nationale?

A. Yes I am the cashier.

Q. On the third of July last, you already stated I believe that you sent to the Honourable Mr. Mercier, at Mr. Pacaud's request, a sum of \$5,000 to Paris.

A. I do not remember having said that to the Commission because that was not asked of me, I believe.

Q. Was that the case?

A. Yes, Sir, a sum of 25,000 francs was sent on the third of July to the Honourable Mr. Mercier.

Q. At whose request?

A. Mr. Pacaud's.

Q. Who supplied the money to send it?

A. Mr. Pacaud paid me the funds.

Q. What were the values given to you by Mr. Pacaud at that time.

A. It was not altogether \$5000. The exact amount paid was \$4,878.05 for 25000 francs which we sent by cable. It was paid.

Q. Do you know whether the amount was paid by Mr. Pacaud in bank notes?

A. I know that Mr. Pacaud paid that amount with Banque du Peuple notes. It is to my own knowledge.

Q. Have you a document respecting that?

A. No, but I remember the transaction.

Q. That Mr. Pacaud went to your office with Banque du Peuple notes and gave them to you?

A. He paid at the counter. He showed me the bills and he paid the amount at the counter.

Q. In Banque du Peuple notes?

A. Yes.

Q. Mr. Pacaud said this in his evidence: "when I went to the Banque Nationale to negotiate my note for \$20,000, Mr. Lafrance told me that the paper which I offered to him was excellent, he had no doubt, but that the bank was unable at once to advance me such a large sum: I then said to Mr. Lafrance: I will meet you on that point. I have \$5,000 to send to Mr. Mercier. Mr. Mercier left me \$5000 before he went away, and he now asks me to send him these \$5,000 by a draft on the Credit Lyonnais at Paris, so you will give me a draft for \$5,000; your draft will not return from Paris before one month, so that you will only in fact have given me \$5,000. I will keep Mr. Mercier's \$5,000, your draft not returning before the first next month, you will only have to make me this advance of \$5,000. Now, I owe you a promissory note on the 18th of this month, you will return me that note, so you will have advanced \$10,000 to me at once without having disbursed anything." Do you remember that conversation between yourself and Mr. Pacaud?

A. Something like that, yes.

Q. Did you tell Mr. Pacaud that you had not sufficient funds to cover the \$20,000.

A. I do not remember saying that we had no funds. I think I remember that Mr. Pacaud told me that we would have only about \$10,000 to disburse. He did not think that we were obliged to cover our cheques which we drew on Paris.

Q. You are obliged to cover them as soon as they are drawn here?

A. Yes.

Q. You could not have said these words to Mr. Pacaud?

A. No, because when we draw on Paris, we cover at once if we have not the funds at our bankers.

Q. Was Mr. Vallière present during that conversation?

A. It is probable that Mr. Vallière was there, especially if it was discount day he was there.

Q. Do you remember that Mr. Pacaud spoke in about that sense?

A. In about that sense.

Q. You believe that he did not correctly catch what you said?

A. No, well...I did not explain to Mr. Pacaud that we were obliged to cover our account.

Q. You did not think it necessary to correct Mr. Pacaud's impression?

A. No.

By Hon. Mr. Justice Jetté :—

Q. Will you state, as well as you can remember, the explanations which Mr. Pacaud gave you at the time when he asked you to discount the note for \$20,000 to induce you to give him the discount by telling you that it would facilitate matters for you, as you could only have \$10,000 to disburse, for such and such reasons?

A. I do not very well remember any other discussion on this subject than what came before the commission that he had a sum of \$5,000 which he had to reimburse, and a note which was due on the 18th I believe or some days afterwards. He asked me for a draft on Paris for the equivalent of \$5,000 also.

Q. Was there any question of Mr. Mercier's money which he had in his hands to cover that draft?

A. I do not remember that he told me anything in that sense. I am persuaded that Mr. Pacaud did not tell me that he had funds belonging to Mr. Mercier at the time.

Q. There were other reasons which he gave you?

A. Yes. In asking for the discount, he gave as his reason that we would have less money to disburse by sending a draft on Paris, and by paying that note, the note for \$5,000.

And further the deponent saith not.

ERNEST PACAUD, advocate and journalist, being recalled, deposes as follows :—

By Hon. Mr. Justice Jetté :—

Q. You have already been sworn?

A. Yes, Your Honour.

Q. Have you had time to examine the statements which I handed to you this morning?

A. Not yet. I could not procure a printed copy of the statements which I produced until two o'clock, and I have not had time to verify them. I will do it during the course of the evening and to morrow morning I will be able to state to the commission whether I consider it is correct.

By Mr. Béique :—

Q. If you have no objection, Mr. Pacaud, will you produce the note which was made out on one of the signed blanks which Mr. Mercier left with Senator Pelletier before leaving for Europe, and which you refused to produce, after having exhibited it however to the commissioners?

A. I have no objection to produce that note, if I did not produce it at first, it was with the consent of Your Honours, after having shown by my bank books that that note had not been paid with the Baie des Chaleurs money, that it had been paid with other money, to the satisfaction of Your Honours; but to prevent misunderstanding and as it is wished that I should produce it, here it is, I produce it as **Exhibit No. 205**, I produce as **Exhibit No. 205**, a promissory note dated on the fifth of April 1891, for five thousand dollars, signed by myself, and endorsed by Honourable Honoré Mercier, the Honourable Charles Langelier, the Honourable Mr. Pelletier, the Honourable François Langelier and myself due at one month's date and paid at the Union Bank on the ninth of May last.

Q. Will you take communication of **Exhibits Nos. 86-1, 98 and 205** and state whether these three **Exhibits** are the three signed blanks which were left by the Honourable Mr. Mercier before leaving for Europe, with the Honourable Senator Pelletier?

A. Yes. I have reason to believe and sincerely believe that the three exhibits shown me, marked **Exhibits 86-1, 98 and 205** are the three signed blanks which Mr. Mercier had left, with the Honourable Senator Pelletier, before leaving for Europe.

Q. To your knowledge, were there issued more than three of these signed blanks which were so left, by the Honourable Mr. Mercier with Senator Pelletier.

A. I believe not, Your Honour, and I believe that what gave rise to some confusion in the minds of some of the witnesses was that, when I got the notes endorsed on the 9th of March, they were under the impression that notes having that date were being endorsed, but on the ninth of March, I got notes endorsed which I had dated the first and fifteenth of April, as I did not require these notes at once, but I thought I should require them to meet bills maturing on the first and fifteenth of April; that is why, on the ninth of March I got notes endorsed dated the first and fifteenth of April and I believe that they thought on seeing the notes of the first and fifteenth of April that they must have been the notes left by the Honourable Mr. Mercier, as Mr. Mercier left on the 13th of March. A note endorsed by Mr. Mercier and the other gentlemen of the first and one of the 15th of April, were seen and they were taken for signed blanks, left by Mr. Mercier before his departure, when they had been endorsed on the ninth of March, although dated on the first and fifteenth of April.

Q. You have stated that there were three series of notes?

A. Yes, there were three series of notes. There were notes before the voting, before the 5th of March; there were notes signed on the 9th of March at Mr. Mercier's residence. There were afterwards the three other notes, the three other signed blanks left by Mr. Mercier with Senator Pelletier, before leaving for Europe.

By Mr. Casgrain :—

Q. What was done with the proceeds of that note **Exhibit No. 205**.

A. Show it to me. I cannot say exactly whether the whole amount was employed for election deposits; or to pay election debts but it was for election purposes, either for election accounts, or for deposits for election contestations. I cannot say, without referring to the dates when I made the different deposits, but it was obtained to make deposits for election contestations.

Q. Will you give us the dates of the deposits you made for election contestations.

A. I already answered that question as far as I was able ; I gave a list of the statement which I kept of nine deposits for election contestations forming \$10,000, which I had made up to the fifteenth of April ; on the fifteenth of April I had a statement prepared which I produced, I had it prepared by my secretary.

Q. You are mistaken as to the fifteenth ; there were no deposits on the fifteenth, the deposits were made on the twentieth in the District of Quebec.

A. Whether the deposits were made with the prothonotaries at other dates, I declare that on the fifteenth of April, I could have handed the deposits, to the parties interested in the election contestations ; any way, I did not personally make the deposits in the prothonotary's office, in the L'Islet contestation I gave the money to Mr Casgrain

Q. What Mr. Casgrain ?

A. Mr. P. B. Casgrain ; whether Mr. Casgrain only made the deposit, afterwards, I do not know ; on the fifteenth of April it appears by the statement which I produced, that at that time I had made nine deposits, in election contestations.

Q. Will you take communication of **Exhibit No. 185**, which is a number of the *Courrier du Canada*, and state whether you at that of the 27th April, or a few days afterwards had seen the paragraph headed " a Rumour " in that paper, and state whether you spoke of it to any one ?

A. Yes.

Q. You saw it at the time

A. Yes I well remember having read it.

Q. Did you speak of it to any one ?

A. I do not remember having spoken of it but remember very well having read it. I remember it all the more that it struck me—I read it.

Q. Did you draw any one's attention to it ; did you not say to some one ; you see how your newspapers are beginning to make a noise about that, try and stop it ?

A. I do not remember. It would have been necessary for me to speak like that to a political adversary, and I remember nothing at all of the kind. The only person to whom I would have spoken at the time would have been my chief editor Mr. Barthe, if I spoke of it, but from the ordinary course of things he is the only person I believe that I would have spoken to. I remember I saw it and it struck me at the time.

Q. I will tell you something that may perhaps remind you. Mr. Garneau had said to you : " but what are we going to do to defend ourselves in our newspapers when they attack us for this " and you said ; " our newspapers will not attack us, there is only the *Courrier du Canada*, and the *Courrier du Canada* is edited by Mr. Chapais, a relation and friend of Mr. Armstrong, there is no danger of his speaking of the transaction " ?

A. To the best of my knowledge, that is imaginary.

Q. Is it not true ?

A. Not true at all.

Q. If any person came here to say it was true...

A. I should be very much astonished.

Q. You would be very much astonished.

A. Very much astonished.

Q. Did not Mr. Garneau speak to you about these newspaper attacks.

A. No, I do not remember at all.

Q. Did you not ask some one, in consequence of that article, to see the editor of the *Courrier du Canada* to tell him to cease these attacks ?

A. No, I can swear it positively. That is not my way. I do not intend to ask for mercy like that ; when I am attacked, I defend myself.

And further the deponent saith not.

HONOURABLE C. A. P. PELLETIER being re-called doth depose and say :

By Mr. Amyot :—

Q. You heard the evidence which Mr. Pacaud has just given, you saw the promissory note which he produced, the last note ?

A. Yes.

Q. Will you state what you now remember, after having heard his explanations ?

A. The president asked me this morning if I had other means of identifying the notes than the date, and I had told him I had no other means, that it was impossible for me to identify these notes by the paper itself. Now, Mr. Pacaud has just stated that we had signed that on the 9th of March. If Mr. Pacaud postdated them, if he dated them on the first and fifteenth of April, Your Honours, I may have allowed myself to be mistaken ; as I said this morning, that I found that the notes which were shown me were the signed blanks, which had been left in my care merely by the dates. If Mr. Pacaud took away a signed blank and used it for something else I could not remember it. It is impossible for me to remember paper, because it was merely a blank paper upon which Mr. Mercier wrote his name. I remember that to the question you asked me : whether I had other means of identifying these notes than by the dates I said that I had none. I may have been mistaken this morning by the dates which Mr. Pacaud changed. The notes were signed or endorsed on the ninth of March. The date which he afterwards filled in, occasioned the error which I may have committed.

Q. This morning you were guided by what appeared on the face of the note ?

A. Yes, after the president asked me if I had any other means of identifying the notes than the date. I had no other and I have none. It is impossible for me to recognize the paper upon which the endorsement was given.

Q. You remember that there were three series of notes without being able...

A. I remember that on three occasions we signed notes, the first time was before the elections, the second time on the 9th of March, and the third were the signed blanks.

I remember that on the 9th of March, I was returning from Toronto, that was the second series. The last were the signed blanks, which we endorsed later at Mr. Pacaud's request.

By Mr. Casgrain :—

Q. Can you say how many notes were endorsed on the 9th of March ?

A. It is impossible. I know that ; I endorsed two or three, I could not certify it ; I paid so little attention to it at the time, that it would be impossible for me to say how many. I remember having signed two or three, perhaps more...I do not remember, I do not believe that there were more.

Q. Signing or endorsing notes for \$5,000, seems to me to be a matter that one should remember?

A. I declare that I had reason to believe that the notes I then signed would be placed in the hands of persons who would not abuse my signature.

Q. Who would pay these notes?

A. I do not say that as we had agreed that if it were necessary to pay them, each would pay his share. I said so this morning.

Q. Whenever Mr. Pacaud went to you to ask you for one of the signed blanks, except when he went with Mr. Charles Langelier for the last one, did he always tell you that it was for election contestations?

A. Yes, it was for that that we had Mr. Mercier's signature.

Q. Now what did he do with them.

A. I never saw them since.

Q. You cannot say whether there were more than three that were left with you?

A. I said in my deposition before the Senate that there were three or four, I said this morning, that to the best of my knowledge there were four, but I cannot swear positively—as I said before the Senate and this morning my impression was that there were four, I may be mistaken. I remember that before the Senate they wanted me to state the exact number, I said three or four, but I could not swear to it.

Q. Do you know where these notes were endorsed by the Honourable Mr. Mercier?

A. At his house.

And further the witness saith not.

L. J. RIOPEL, of the City of Quebec, Esquire advocate, being duly sworn upon the Holy Evangelists doth depose and say :—

(Examined at his own request).

By Hon. Mr. Justice Jette :—

Q. I understand that you wish to produce a document?

A. Yes, Your Honour, I desire to produce the reply of the Baie des Chaleurs Railway Company to the report of Mr. Langelier special commissioner, dated the 26th February 1890 respecting the company and its contractors. The reply is dated the 30th December 1890.

Q. That document is genuine and is really the reply that was prepared?

A. It is a true copy of the reply which was forwarded to the Lieutenant Governor.

And further the deponent saith not.

Mr. A. Turgeon, advocate and M. P. P. addressing the Commission.

Your Honours, my name has been mentioned in connection with item 88-65 I would ask the Commission for permission to give some explanations on the subject,

Hon. Mr. Justice Jetté :—

We are of opinion that the evidence in no way implicates you, Mr. Turgeon and consequently we do not require your evidence.

It being four o'clock in the afternoon the Commission adjourned until the sixth of November at ten o'clock in the forenoon,

J. BELANGER,
Clerk of the Commission.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

ROYAL COMMISSION

Issued under the Great Seal of the Province, constituting and appointing the Honourable LOUIS A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS FRANÇOIS GEORGES BABY, Judge of the Court of Queen's Bench, and the Honourable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

20th SITTING.

On Wednesday, the 6th November, in the year of Our Lord one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS A. JETTÉ, President,

" " LOUIS FRANÇOIS GEORGES BABY,

" " CHARLES PEERS DAVIDSON,

Commissioners.

ERNEST PACAUD, advocate and journalist being recalled doth depose and say :

I examined the statement which Your Honour handed me yesterday. I believe it to be exact, with the exception of five or six items. I believe that Your Honours have made a special heading of Political expenses, and have entered in it certain sums which I paid for the revision of electoral lists ; well, there were amounts of similar nature exactly which were entered as personal expenses. I believe, I should draw attention thereto. I marked these items ; they are items 88-83, \$25 ; 88-91, \$25 ; 88-94, \$20, 88-96, \$25, 88-118, \$25. If Your Honours believe that they should go under the heading of Political expenses, they should be taken from one to the other.

By Hon. Mr. Justice Jetté :—

I must observe to you that that statement is not complete. It is only a draft which we have to verify.

The statement is produced as **Exhibit No. 207**.

By Mr. Casgrain :—

Q. Will you please Mr. Pacaud take communication of **Exhibit No. 100** being a statement of account between you and the Union Bank and look at the third item : note \$5,000 1st May ?

A. (After taking communication of the exhibit.) Well.

Q. That note was a note which was also endorsed by the Honourable Mr. Mercier and which was paid at the Union Bank ?

A. I can say nothing without consulting the notes and the books ; I cannot say from
ory.....

Q. Had you other notes for five thousand dollars, besides those of the kind which I
iced.

Q. Endorsed by Mr. Mercier ?

A. Yes.

Q. Then, this note for five thousand dollars (\$5,000) would also be endorsed by Mr.
ier ?

A. Probably, I have reason to believe so ; I do not believe that I have any note for five
and dollars (\$5,000) at the Union Bank except notes of the kind which I produced,
d by myself and endorsed by Mr. Mercier, Senator Pelletier and the two Langeliers .

By Mr. Béique :—

Q. Had the cheque for five thousand dollars (\$5,000) which Mr. Mercier handed you
e his leaving on the second of March, any connection with this note paid at the
n Bank ?

A. None, no connection whatever ; I have already stated why Mr. Mercier left me the
ue in question.

And further deponent saith not.

DENIS LEDUC, civil engineer, of the city of Montreal, being duly sworn upon the
Evangelists, doth depose and say :—

By Hon. Mr. Justice Jetté :—

Q. Mr. LeDuc, you were, I believe, the engineer employed by Mr. Armstrong in the
ruction of the Baie des Chaleurs Railway ?

A. Yes, Your Honour.

Q. Will you state at what date in what year and for how long you were thus employed ?

A. I was employed as Mr. Armstrong's engineer from the month of May, eighteen
red and eighty-six (1886), to the month of June or July eighteen hundred and eighty-
i), when I came under the control of Mr. MacFarlane, being at the time Mr. Armstrong's
neer.

Q. You acted for both ?

A. I acted for both. In 1889, when the work stopped, I returned to Montreal and have
ittle connection with the road since, except from the beginning of the year, when I
ppointed engineer for the new company.

Q. At the beginning of this year ?

A. Yes.

Q. Whilst you were thus Mr. Armstrong's engineer, was it your duty or part of your
to prepare the estimates of the work done by the contractor of the railroad ?

A. No, not exactly ; it was rather the duty of the company's engineer.

Q. Who was the company's engineer ?

A. Mr. Light.

Q. Was Mr. Light solely the company's engineer or did he act in any other capacity ?

A. Mr. Light also acted as inspector for the Local Government.

Q. Now, as a matter of fact, whatever your duties may have been, from what you have just said, was it not you who prepared the estimates of the work done for the construction of the road ?

A. Yes ; it was I who prepared all these estimates, Mr. Light having no assistant—why I know not—I began by preparing the first estimates and went on doing so until the end of the work.

Q. Being the engineer of the contractor and builder of the road, your certificate would naturally have no value except with him ?

A. Only with him.

Q. Now what was done with those, to whom were they sent ?

A. What certificates ? Those between the contractor and the company ?

Q. The certificates that you prepared yourself ?

A. I prepared them for the company and also for the sub-contractors, the estimates for the company I made in duplicate and sent them either to Mr. Armstrong or Mr. Light to get them signed by Mr. Light and sent to Mr. Armstrong, one copy being kept either by the company or by Mr. Light, I am not sure which. Concerning the sub-contractors' estimates, I made them for the sub-contractors when they were asked and needed to make a settlement between the principal contractor and the sub-contractors ; I made them according to the contract ; if they had a right to an estimate every month they were made every month.

Q. The estimates made for the sub-contractors were of course, so that they could set claims against the company or the contractor itself ?

A. Against the chief contractor.

Q. Then the estimates which you prepared for the company were those which ought to have been made by Mr. Light and which you made instead of him ?

A. Yes, Your Honour.

Q. And therefore you sent them to Mr. Light to sign ?

A. Yes.

Q. It was his signature which authenticated these estimates as regards the company ?

A. Yes, Your Honour.

Q. Mr. Light was instructed I suppose to look over your certificates and estimates ?

A. I suppose so, he ought to have had these instructions from the company ; I know nothing about it ; only that Mr. Light usually signed them without making any change.

Q. That is to your personal knowledge ?

A. Yes, Your Honour.

Q. That he signed your certificates without making any change in them ?

A. Yes, Your Honour.

Q. Now these estimates thus examined and certified by Mr. Light for what purpose were they ? Was it upon these certificates that the subsidies were afterwards paid to the company ?

A. Ah, I do not know I cannot tell you, I think Mr. Light had to make other estimates for the government. I could not say. As a rule, I only gave him a few general ideas as regards the estimates he gave the Government; he made an inspection himself passing over the work and based his estimates on that. I think that the estimates were for the work yet to be done and not for work completed. I am not positive on this point, but I think that is the case.

Q. Have you examined Mr. Armstrong's claim which is filed here?

A. Exhibit No. 3 being shewn to me I declare that it is the claim in question and that my signature is appended to it.

Q. At the head of this claim I see certain sums, very considerable sums, mentioned as being due, according to Mr. Light's certificates?

A. Yes, Your Honour.

Q. Do you know whether these certificates were prepared by Mr. Light alone or are they general certificates such as you have just mentioned, or whether these certificates of Mr. Light are those prepared by yourself and approved by him?

A. They are estimates prepared by me.

Q. And approved by him?

A. And approved by him. Here my signature has only reference to what is typewritten; there is a great deal of hand writing on this sheet that I never saw, there is writing on the edges and bottom of the page.

Q. The signature only assents to what is written in type?

A. Yes. The sum certified by me is \$1,260,635.52.

Q. Now the estimates which you made so as to give these certificates, were they estimates of work done at the time when these estimates or certificates were given?

A. Yes, Your Honour.

Q. Will you state on what bases you made these certificates.

A. Upon the price of \$20,000 per mile I at first prepared a list of prices from the beginning of the year 1886 and I made one or two, I am not sure, estimates based on these prices, and later on I received a communication either from Mr. Armstrong or his brother telling me that the company was not satisfied with the established prices and enclosing me another list upon which I was to base my estimates.

Q. Now in what way would these prices affect the valuation you had to give?

A. All the different items of the estimate were fixed at a certain price, in order to obtain a money value of the quantities of work done shown in the estimates.

Q. The valuation of the works that you examined and certified as having been done in these estimates, was it based on the actual amount of the work done at the time when the certificates were given?

A. On the actual value calculated at the contractor's price of twenty thousand dollars per mile. Naturally the contractor gave out the work for a price less than that stipulated in the contractor's contract with the company.

Q. That is to say, the contractor said ; I shall do such and such work for such a price ; as soon as the work was done you certified that it was done and that according to his contract he had a right to such an amount. Is not this so ?

A. Yes Your Honour.

Q. It was then understood that the works being done, the amount was due in virtue of the conditions of the contract.

A. Yes, Your Honour, that is the case.

Q. Now Mr. Light stated in his evidence yesterday that in the certificates that you had given for the works done, the price of these works or their value had been increased by forty or fifty per cent. I should like to know what explanation you have to give about this assertion.

A. It was not my business to increase the estimates. I simply took the preliminary quantities of the work to be done on the whole line, to the extent of one hundred miles, and arranged the prices as far as I could tell, to give a cost of twenty thousand dollars a mile. Naturally to do this there was a good deal of experimenting but I succeeded in time. For example to arrive at a price for the different materials to be furnished or different works to be done...take for example finding a price for the earth work, I arrive at a price of 40cts per yard for the contractor's price. Now the price for earth excavation for the contractor, included the cost of rock excavation rather, of loose rock, and also included the excavation of what is called hard-pan, that is hard material in greater quantities than is reckoned for the sub-contractor who has a price for earth only ; but in the contractor's estimate all these quantities are included under one heading namely " earth excavation ;" and so also for the other different kinds of materials and works.

Q. The object of the question—I ask you, is to find out if,—taking into consideration, the works done and the circumstances under which they were done, or in fact everything to arrive at the value of the works done in the construction of the road, the certificates which you gave were conformable with the actual value of the works, taking into consideration the prices stipulated in the contract ?

A. Certainly.

Q. So that is there was no fraudulent augmentation of the amount of the value of work done.

A. That is the estimates were made in conformity with the contract price of twenty thousand dollars (\$20,000) per mile ; but if the contractor succeeded in sub-letting these works at a much cheaper rate, naturally there was a profit.

Q. The result would be that the contractor would have made a good bargain ?

A. Certainly.

Q. Then on the bases upon which you made these estimates, this figure of one million and odd was quite correct and represents a true claim ?

A. Yes, Your Honour.

Q. It is the amount to which Mr. Armstrong was entitled under his contract ?

A. Yes, Your Honour.

Q. And the work done under this contract ?

A. Yes, Your Honour.

Q. Then the difference of thirty three per cent which Mr. Light mentioned in his deposition would simply be the profit which the contractor made out of the sub-contractor out of the company ?

A. Yes, Your Honour. I do not see how Mr. Light arrived at this result.

Q. We should be glad to have your opinion ?

A. As regards the estimates made for the sub-contractors, these estimates do not contain all the work done ; there were certain works done by the contractor himself, and often they were the most difficult and most expensive.

Q. Which would make a great difference in the price ?

A. I have myself known of many excavations which cost ninety and even one hundred cents per yard, and the sub-contractors only had eighteen, twenty, twenty-two, twenty-four and twenty-five cents per yard for the material which would have cost the contractor in large quantities ninety and one hundred cents. Regarding the work done on the first twenty miles, the sub-contractors who did the first work abandoned it before it was finished ; they left a great quantity of work which was difficult to do. It is always more difficult to finish railroad work than to begin it, for railroad contractors are generally inclined to think that the beginning is the easiest part.

Q. Then, in the estimates you had to make you had to take into consideration all this work which had been done and then perhaps abandoned on account of difficulties presenting themselves, but the value of which was always to be taken into account ?

A. I did not take that into consideration at all Your Honour. I never took the sub-contractor's estimates to serve as a basis for estimates between the contractor and the company ; I simply used the contract.

Q. According to the contract prices ?

A. According to the price of the contract.

By Mr. Casgrain :—

Q. Will you, if you please, Mr. LeDuc, look at Exhibit No. 180 and tell me by whom this document was given to you, who furnished the quantities and the prices ?

A. That schedule was not prepared by me but was either given to me in Montreal or sent down below to me.

Q. By Mr. Armstrong ?

A. By Mr. Armstrong.

Q. It was from that you took the prices you mentioned in the certificate you gave Mr. Light ?

A. Yes.

Q. Have you any of the certificates you gave Mr. Armstrong for the sub-contractors ?

A. No.

Q. Where are they ?

A. The originals of these estimates remained in the office at New Richmond or Carleton Place ; in the autumn of 1889, after the work had stopped Mr. Armstrong sent for all his papers, gave orders to the draughtsman, who was still there at the time, to send on all his papers, which ought to be in Montreal ; now I do not know where they are.

Q. They may be in Mr. Armstrong's possession ?

A. I think so ; I don't know.

By Mr. Bèique :—

Q. Do I understand that you prepared the estimates produced as **Exhibit 181**, from A to G, on **Exhibit 180** ?

A. Yes ; these estimates were prepared by me or under my direction.

Q. You said that **Exhibit 180** was sent to you by Mr. Armstrong ?

A. That is the second copy of prices ; I had at first prepared the first copy of prices myself and I was told that Mr. Light was not satisfied with the arrangement of the prices, then he made some changes, trifling changes, I think, in the bridges ; I considered the change of no great importance.

Q. And **Exhibit 180** was prepared so as to give effect to the changes which had been made by Mr. Light ?

A. No, the first had been made by me, the other by Mr. Light.

Q. This **Exhibit No. 180** was prepared in accordance with the changes demanded by Mr. Light ?

A. I was told so.

Q. At any rate was this statement produced as **Exhibit No. 180**, in accord at least in substance, with the estimates you yourself had already prepared ?

A. Before this document was sent to me.

Q. Yes.

A. Not altogether.

Q. What difference was there ?

A. Very little, the difference was slight ; all the more as the estimates at that time did not amount to a very large sum, not more than \$500,000 I think all the estimates afterwards prepared were based upon that schedule of price mentioned in **Exhibit No. 180**

Q. Do you consider that the estimates as entered in **Exhibit No. 180** are exact ?

A. Yes, they correspond with that.

Q. What do you mean by that ?

A. They correspond with those prices ; I used those prices.

Q. Do you consider **Exhibit No. 180** to be exact ?

A. Yes, certainly.

Q. And that this embodies the change demanded by Mr. Light ?

A. Yes, according to what I was told by the contractor.

Q. Now is the claim, produced as **Exhibit No. 3**, based upon these previous estimates, and among others, upon the estimates produced as **Exhibit No. 180** ?

A. Yes.

Q. I imagine that in preparing estimates for contracts of this nature the estimates are always prepared, taking into consideration the price mentioned in the contract, whether they were estimates for sub-contractors or for the chief-contractor ?

A. Yes, according to the different contracts.

Q. In every case you acted as was customary ?

A. Yes.

Q. What are the usual profits made by the contractor out of the sub-contractors ?

Mr. Casgrain :—

It seems to me that the question is too general and might raise a rather long discussion. The same question was asked Mr. Light yesterday by Mr. Armstrong ; it was objected and the question was withdrawn.

Mr. Béique :—

It was Mr. Armstrong who asked the question ; Mr. Hall objected and Mr. Armstrong withdrew it ; I do not think it affects me much. I can explain the object of my question. I wish to show the following : that the chief contractor, in giving out sub-contracts, is always left with work to do ; he is obliged to repair the road, keep it in order ; consequently, he must make a profit out of the sub-contractors, otherwise he would lose money by it ; besides he has to pay interest there are many different items. Thus I wish to find what is the usual sum which the chief contractor makes above that made by the sub-contractors.

Mr. Casgrain :—

The contracts are there and speak for themselves. I do not see that general evidence as to the profits of chief contractors out of sub-contractors can have any effect, Mr. Armstrong is bound by his contract with the company and by the contracts he made with his sub-contractors.

Hon. Mr. Justice Jetté : -

We are disposed to allow the evidence. I must say for my part that the first impression left upon me by Mr. Light's deposition, before the Senate, was that there was something not exactly correct ; the explanations we now have satisfy me to a certain extent. It has no great importance as regards the result of the present inquiry, but we think it better that those doubts should be cleared up so that we may be perfectly satisfied.

By Mr. Béique : -

Q. What profit does the chief contractor usually make out of the sub-contractors ?

A. I should say about twenty per cent.

Q. Is this net profit, or does it include, at least in part, certain expenditure which the chief contractor has to make ?

A. This covers certain expenses which he has besides. There is first of all the cost of financing, sometimes this is considerable, besides there is the responsibility resting on the chief contractor for all the work to be done, to be carried out by the sub-contractors ; sometimes it stays on his hands, as in the case of the Baie des Chaleurs, for three or four years ; then he is obliged to make all repairs over and above the prices he has paid the sub-contractors, which sometimes amount to a considerable sum ; this was proved also in the case of the Baie des Chaleurs, where the freshets caused a number of " wash outs."

Q. The chief contractor has such expenses to bear as paying the engineer, draughtsman and location of the line ?

A. There is the superintendence, the cost of the " right of way," which is generally paid by the contractor ; and there are the engineers to pay ; and sometimes there are very considerable sums when the work goes on for a long time.

Q. Do you remember to have sent Mr. Light estimates which had been prepared for the sub-contractors?

A. I do not recollect having ever sent him those estimates, because I considered that he had nothing to do with them, as they were estimates between the sub-contractors and the chief contractor.

Q. In any case, the estimates you prepared for work done by the sub-contractors only covered a part of the actual work done?

A. Only the part done by the sub-contractors, and I do not think there was one who completed his contract.

Q. Did you hear the evidence given by Mr. J. J. Macdonald?

A. I did not hear it, but I have seen some particulars of it.

Q. Did you notice the estimates given by Mr. Macdonald?

A. Yes, I noticed them.

Q. Have you prepared a statement based upon the figures given by Mr. Macdonald, so as to show what was the amount of Mr. Armstrong's claim, taking as a basis the figures given by Mr. Macdonald?

A. Yes, I have prepared a little memorandum.

Hon. Mr. Justice Davidson :—

I think this is going too much into details.

Mr. Béique :—

I think that this statement is very clear and not wanting in importance. This statement is based upon the \$742,000 mentioned by Mr. Macdonald, and it would appear that this sum represented eighteen thousand five hundred and odd dollars per mile, and upon these figures, Mr. Armstrong's claim, taking the debentures at seventy-five cents, should have been reduced to only two hundred and twenty five or three hundred thousand dollars.

Hon. Mr. Justice Davidson :—

It seems to me that you ought to be satisfied with the witness' evidence; he tells you that he has honestly certified the estimates, and he gives you his figures.

Mr. Béique :—

The reason why I ask the question, is because Mr. Macdonald has allowed it to be understood that he considered the price too high, and he has perhaps allowed it to be understood also that no very considerable sum was due to Mr. Armstrong. This is simply a question of figures, and I think it is somewhat important to recapitulate these figures of Mr. Macdonald and compare them with those mentioned in Mr. Armstrong claim.

I think I have nothing else to do but to submit to the Commission what is of a nature to throw light on the proof. I am content to put this statement before Your Honours, leaving it to the Commission to decide whether it ought to be produced or not. I think that the statement is of a nature to dissipate certain suspicions which may have resulted from the evidence of Mr. Macdonald.

Hon. Mr. Justice Jetté :—

I think that if you ask your question in a general way, you will obtain the result you desire.

Mr. Bétique :—

I have no objection to put the question in that form. I thought the production of this little statement was the shortest way.

Q. Do you know what figures were given by Mr. Macdonald ?

A. Yes, I think it was seven hundred and forty-two thousand dollars (\$742,000).

Q. In reference to what ?

A. To the construction of the last forty miles.

Q. This would represent how much per mile ?

A. Eighteen thousand five hundred and fifty dollars per mile.

Q. Well, taking the figure of eighteen thousand five hundred and fifty dollars (\$18,550.00) per mile, instead of twenty thousand dollars (\$20,000) per mile, to what would the claim of Mr. Armstrong be reduced ?

A. Taking the figure eighteen thousand seven hundred and seventy-five dollars (\$18,775.00) per mile, which is the figure corresponding to the Macdonald price, the claim of Mr. Armstrong would be reduced to two hundred and thirty-one thousand four hundred and forty-three dollars and eighty-seven cents (\$231,443.87).

Q. How do you make out that this figure corresponds with the Macdonald price ?

A. Because I take the total amount of the subsidies paid on the first sixty miles, making a sum of nine hundred and six thousand dollars (\$906,000) or fifteen thousand one hundred dollars (\$15,100.00) per mile, leaving a sum of four thousand nine hundred dollars (\$4,900.00) per mile payable in debentures, which at seventy-five per cent gives three thousand six hundred and seventy-five dollars (\$3,675.00), in cash making a total of eighteen thousand seven hundred and seventy-five dollars (\$18,775.00) per mile. Mr. Macdonald's amount being eighteen thousand five hundred and fifty dollars (\$18,550.00) on the forty miles. Then, I take the amount of eighteen thousand seven hundred and seventy-five dollars (\$18,775.00) and obtain the sum of one million one hundred and twenty-six thousand five hundred dollars (\$1,126,500.00) for the 60 miles ; Sections K, L, M, N, forty-eight thousand six hundred and ninety-three dollars and eighty-seven cents (\$48,693.87) ; which shows two hundred and thirty-one thousand four hundred and forty-three dollars and eighty-seven cents (\$231,443.87) due Mr. Armstrong, in money, by these figures.

Q. Taking these figures, eighteen thousand seven hundred and seventy-five dollars (\$18,775.00), as basis ?

A. Yes.

Q. Now, Mr. LeDuc, will you state in what condition is the work on the road from the fortieth to the eightieth mile ?

A. The work is very far advanced. I think that a month or six weeks' work next season, that is next spring, will finish the work on the (20) twenty miles.

Q. Have the other twenty miles yet to be located ?

A. I have at the present time a party of engineers revising the location of the last twenty miles, so as to have all information necessary to give out the contract in good time at the beginning of the year.

Q. Was the work, this year, begun by the new syndicate or by the company which had been re-organized by Messrs. Cooper and others, as soon as they had possession of the road?

A. Yes, at once, immediately after.

Q. And was the work pushed, to your knowledge, with all possible diligence and energy?

A. Yes.

Q. About how many men were employed?

A. For sometime there was certainly an average of 500 men and 200 horses.

Q. And you consider that the twenty miles are almost finished?

A. Almost finished; a month or six weeks next season will finish the works.

Q. Did they work day and night?

A. On certain works, yes.

By Mr. Casgrain:—

Q. When did the new company took possession of the road?

A. I think in the month of July.

Q. The end of July?

A. The middle, I think.

Q. Now, do you know that Mr. Macdonald's offer comprised the building of the line from the sixtieth to the one hundredth mile, and putting the road in working order from the first to the sixtieth mile?

A. Yes.

Q. Now, you estimate the debentures at seventy-five cents in the dollar?

A. Yes.

Q. Without the Government guarantee?

A. With the Government guarantee.

Q. With the Government guarantee?

A. Yes, certainly.

Q. And if there were no Government guarantee, the debentures would not be worth that?

A. I cannot express any opinion as to the exact value of the debentures in that case, but I think that with the Government guarantee they would certainly be worth seventy-five cents.

Q. What is the cost of the Government guarantee, when the Government guarantees the interest on debentures?

A. I don't remember the exact amount. I did know it because I went into that matter with Mr. Drolet, when there was some question of it in Europe; I knew it at the time, but at this moment I have forgotten it.

Q. Is it not forty-two cents on the seventy-five?

A. I do not remember the figures.

Q. About that, Mr. Leduc?

A. I cannot say, I don't remember.

Q. You don't remember?

A. No.

Q. You said a moment ago that this **Exhibit No. 180** had been prepared at Mr. Light's request. Do you know yourself personally that it was at Mr. Light's request?

A. I do not say that it was at Mr. Light's request; I say that the first schedule of prices was prepared by myself, but the second was prepared in Montreal while Mr. Riopel was there; I do not know if Mr. Light was there; in any case, this second schedule was sent or given to me as being the schedule approved by Mr. Light.

Q. And that is all you know; you did not see Mr. Light?

A. I know that in his estimates made with these prices, Mr. Light made no objection of them to me.

By Mr. Béique :—

Q. Ought the forty miles from the sixtieth to the one hundredth, to cost about the same price per mile, on an average, as the first sixty miles?

A. The same cost, according to a document produced then, and which was prepared by me.

And further the deponent saith not.

GUSTAVE GRENIER, clerk of the Executive Council, being recalled, doth depose as follows :

By Mr. Casgrain :—

Q. You have already been sworn?

A. Yes, Sir.

Q. Will you take communication of **Exhibit No. 208** and state whether those are the forms of the oath of office taken by members of the Executive Council on assuming office?

A. Yes, Sir.

Q. These are the forms in English and French?

A. Yes. There is one oath of office which a minister without a portfolio does not take. There are the oath of allegiance, the oath as Executive Councillor, and the oath of office. A person who has no department does not take the oath of office.

JEAN CHRYSOSTOME LANGELIER, advocate, and Assistant Provincial Registrar, being recalled, doth depose as follows :—

By Hon. Mr. Justice Baby :—

Q. Will you produce the document you were asked for?

A. I have not got them, Your Honour, I have the beginning here, this is not complete; here is a part of it, the balance is almost as much again. I am preparing the list, that is the complement of the list of the payments made of the \$28,546.00, forming the balance of the subsidy on the first sixty miles, payments which were made from November, 1889, to October, 1890; it is a very long piece of work. I must also state to the Commission that under my physician's orders I have not been to my office for two days.

Q. When will that list be ready?

A. I hope it will be ready in a couple of days. It must be made from the receipts. I am going to get them from the Department of Public Works and it will be made at once. I desire specially to show it to the Commission, this is a part of it, the rest is as much again; it is not a work that can be made in a few hours.

Q. You can lay the first part before us?

A. I have no objection. I am anxious to show the work to the Commission, so as to establish that it is not owing to ill-will. It is an enormous work.

Q. This list is in connection with what is here mentioned in the report of the commissioner of Public Works for 1890 at page.....

A. At page 58.

Q. What year?

A. The report for the year 1890. If the Commission will allow me, the list of claims which Mr. Garneau should have produced, has been spoken of several times. We have been unable to produce it; as to the first sixty miles, we have produced the complete list in the original there were certain details giving the nature of the claims; here is Mr. John J. Macdonald's receipt establishing that he, Mr. John J. Macdonald has that document. If the Commission allow me, I produce it as **Exhibit No. 209**.

The Commission asked me to produce Mr. Thom's telegram respecting Mr Light's claim, here is the original and copy, at the same time as the letter which I sent to Mr. Moreau, forwarding him that. If the Commission will allow it, I will keep the original. There is a copy that can be verified by the Clerk. It is understood that the original will be returned to me. It is **Exhibit No. 210**. Now on looking I found—I will remark to the Commission that I have three immense cases of these documents—here is a copy of a letter which I sent to Mr. Garneau on the sixth of May, forwarding certain accounts and acknowledging receipt of a cheque from the department. It is a letter of the sixth of May, 1891. Now here again is another copy of a letter of the 5th of May to the Honourable Mr. Garneau, accounting for the expenditure of the first fifteen hundred dollars which had been placed in my hands.

It is **Exhibit 211**. I will certify these copies after the sitting, so as not to delay the Commission. Here is a letter of the twenty-eighth of April, I do not know, I do not think it has already been produced, it is a reply to a letter of Mr. Garneau's. "I am ready to commence work at once, etc." I also asked the department for instructions to go to Montreal. I had business with Mr. Cooper and Mr. Thom, and wished to meet them, and had a few claims to pay them. I produce that document as **Exhibit No. 212**. Here is a letter of the twenty-ninth of April, I believe that it has not been produced. It is a letter that I sent to the departments showing the application of the one hundred and seventy-five thousand dollars. I do not think that that has been produced. I produce it as **Exhibit No 213**. Now, Your Honour, here is a letter of the 30th June to Mr. Lesage. This, I understand, is a copy of my letter to Mr. Lesage, the Assistant Commissioner. I could not find the copy in the beginning.

It has already been produced as **Exhibit 152**. Now, if the Commission desire, it here are two other letters from Mr. Moreau respecting Light's claim.

Mr. Casgrain :—

We do not want that.

The witness :—

I was asked why I had not paid Mr. Light's claim. I could not pay it, because it was no

approved by Mr. Thom. Now, if the Commission desire it, I was asked the other day, if I knew that Mr. Armstrong had a claim. Here is the sworn deposition which was produced before Charles Langelier, commissioner, in which Mr. Armstrong declares that there is a large sum due him by Mr. Macfarlane. We have had that document a long time. I point it out merely to the Commission. (The Commissioners decide that it is not necessary to produce that document.)

If the Commission allow me, as there has been some delay in the production of documents, I must state that by my subpoena. I was not required to produce any documents. That is the reason why I was perhaps taken somewhat unawares. If the Commissioners desire it, here is another letter which I wrote to the Honourable Mr. Garneau, dated the seventeenth of June. Here is a certified copy of the Order-in-Council appointing me Commissioner which was handed me by the Clerk.

By Hon. Mr. Justice Baby ;—

Q. It is already produced.

A. I produce also the letter of the seventeenth of June as **Exhibit No. 214**. I could also produce the receipts ; they are all in the Department of Public Works.

Hon. Mr. Justice Baby :—

We do not want them.

By Mr. Casgrain :—

Q. About the third of June, I believe that you wrote a letter to the *Etendard*, of Montreal, respecting the Baie des Chaleurs matter ?

A. Yes, I wrote in the beginning of June.

Q. Will you listen to the reading of this letter and state whether it is the letter ?

QUEBEC, 3rd June, 1891.

THE EDITOR OF THE ETENDARD,

Montreal,

Sir,

Under the heading of "Strange Rumors," you published on the 30th of May a short article respecting the Baie des Chaleurs matter, in which is stated : " But the details which have come to us respecting the use made of these letters of credit are so serious, that we are obliged at once to call the attention of the parties interested." I was appointed, by Order in Council, Commissioner to pay the claims in connection with the construction of the Baie des Chaleurs Railway ; so that the preceding citation applies directly to me. Now, I deny the very serious accusations contained in your statement ; I affirm that I employed according to law, and to my instructions, the \$200,000 which were placed at my disposal and I defy you to prove the accusation which you so bring against me. As to the pretended letters of credit, which had been partially refused, that is news to me. The papers upon which the funds were raised were naturally handed to me as Commissioner ; I endorsed them in that capacity, and in less than two hours, everything was settled to the satisfaction of the parties interested, whose receipts I have. I have also sent duplicates to the Department of Public Works, where any one may examine them. I therefore hope that you will

make it your duty to retract what you say respecting "the use made of these letters of credit," in default of which I shall be obliged at once to take other measures to protect myself against these calumnies.

I have the honour to be,

Your humble Servant,

J. C. LANGEЛИER,

*Commissioner for the
Baie des Chaleurs Railway.*

A. That is certainly the letter.

Q. On the next day, or the day afterwards, the *Electeur* of this city had an article on the same question?

A. That may be so, I know nothing about it, because at the time, that that letter was written I was returning from Montreal, on board the steamer, with Mr. Choquette, advocate, of Montreal, and Mr. Choquette had a bundle of papers among which was the *Etendard*. Mr. Choquette drew my attention to that article. A few days after, I wrote the letter to the *Etendard*, and I left for Baie des Chaleurs, and continued making payments. I know nothing further about it.

And further the deponent saith not.

THE HONOURABLE FRANÇOIS LANGEЛИER, of the city of Quebec, Esquire, advocate, being duly sworn upon the Holy Evangelists, doth depose and say:—

(Examined upon special application of Mr. Bétique.)

By Mr. Bétique:—

Q. You know that promissory notes have been produced here, by Mr. Pacaud, which were endorsed by you?

A. Yes.

Q. And which have been spoken of as election notes?

A. Yes.

Q. Why were these notes prepared and endorsed?

A. They were for two purposes. Those which were made before the elections were all made to pay election expenses. Your Honours know how elections for political purposes are held. Without being in them now, Your Honours at one time knew about them. When we are in the midst of elections, there comes a certain time, towards polling day, when not a moment is to be lost, even for the most regular expenses, if a delay of one day occurs it would be just as well to do nothing at all. We had subscriptions that had been promised to us.

I am speaking of the executive committee to which I belonged, and Mr. Pacaud, who had been entrusted with the organization, told us, at a certain time, I do not remember the date, the notes should show it, that he absolutely required money at once, before the subscriptions in question had been paid in, because there were heavy expenses, among others for the central committee at Quebec, where we had spent over fifteen thousand dollars for printing, pamphlets, mailing pamphlets, we also employed about twenty persons, I believe, in copying electoral lists and in sending them everywhere.

For those expenses, he said that he had no more money, even to pay the postage stamps that were necessary, then we signed the notes to cover the expenses to be made.

After the elections, I am not certain whether it was for the purpose of making deposits for contestations only, or whether there were not other notes, the proceeds whereof were intended for the payment of election accounts. I cannot state what was done with the proceeds of these notes, but I know it for several of them as I was counsel in several of these contestations, and the money was sent to my office by Mr. Pacaud to make the deposits for the contestations and to pay the disbursements also, not only the disbursements for the prothonotary's office, but, for example, to pay those who were entrusted with taking the petitions to Chicoutimi, Rimouski, etc.

Q. You are the brother of the Hon. Mr. Charles Langelier?

A. Yes.

Q. Did you know, at that time, in the month of April or May, or before the Senate enquiry, of the bargain that existed between Mr. Pacaud and Mr. Armstrong respecting the \$100,000 which have been in question in this enquiry?

A. Not in the slightest, either directly or indirectly. The first news I heard of it was given to me by Mr. Baker, member for Mississiquoi, in the House of Commons. We were in the Committee on Privileges and Elections; Mr. Baker came in as I was leaving. He said: "Have you heard of the revelations that have just been made? I said no. He said: It seems that it has just been declared before the Senate, by a Mr. Barwick, counsel for the Ontario Bank, that out of the subsidy voted for the construction of the Baie des Chaleurs Railway, \$100,000 were given to Mr. Pacaud." I said that that was the first news I had of it, and I asked him for the details. He said: "I cannot give you any, I have just been told of it." That was the first time I heard of the transaction.

Q. When was that?

A. It was about the time the Baie des Chaleurs Railway Bill came before the Senate Committee.

A. In what month?

A. I believe that it was in the end of July or the beginning of August.

The witness here makes a personal declaration, and upon objection taken by Messrs. Tasgrain and Hall the said declaration is struck from his evidence.

By Mr. Béique :—

Q. Will you state whether you benefitted in any way from any part of the \$100,000 which have been in question in this inquiry?

A. Not one cent, either directly or indirectly. All that I did, was in aiding with my little credit my political party at certain times by endorsing, as I have done on other occasions, and I had specially done after the elections of 1886, and during the elections of 1887. Personally, I did not draw a cent of profit, neither directly nor indirectly. I never saw a cent of that money.

Q. How did you calculate that these notes should be paid?

A. When we gave these notes, we calculated that these election notes (apart from the notes for the contestations), that these notes would be paid by subscriptions. We calculated that we would not have personally to pay those notes. Mr. Pacaud told us that there were ready subscriptions given, but he said that he had not time to collect them then, and he mentioned to us the names of other persons who would probably also subscribe. We calculated that we would not have to pay a cent of the amount of these notes, and we were determined, if we had to pay, to each pay our share of the amount. As to the notes for the

contestations, we calculated that the amount would be paid by the deposits, when the deposits were withdrawn, and that if there was anything lost out of these amounts, we would bear the loss between us, saving the attempt to get assistance from friends, as we had done previously.

By Mr. Casgrain :—

Q. You endorsed the notes in question to assist the political party to which you belong?

A. Yes.

Q. You were a candidate at that election yourself?

A. Yes.

Q. It was stated here that there were three classes of notes ; notes signed before the election or before the polling ; notes signed after the polling, about the 9th of March, and afterwards the signed blanks left with Senator Pelletier, and which were endorsed by Mr. Mercier before he left for Europe. Can you state now what was the amount of the notes which you so endorsed ?

A. I cannot say without seeing the notes.

Q. Have you no idea?

A. Not at all.

Q. Were you not concerned about it?

A. No. I know that on every occasion when I endorsed one of these notes Mr. Pacaud told us the amount that was required, and we endorsed the note accordingly.

Q. How many notes were signed on the twenty-eighth of February?

A. I cannot say even whether I endorsed on the twenty-eighth of February. I know that I endorsed before the polling, but at what date it was, I cannot say.

Q. Do you know the amount either?

A. No.

Q. I suppose that the same answer applies to the notes signed about the ninth of March?

A. I know nothing about those, I was not in Quebec.

Q. However, you endorsed a note on the 10th of March?

A. There may be one dated the 10th of March endorsed by me, but I did not endorse it on the 10th of March ; I was not here.

Q. After the polling, do you know how many notes were endorsed?

A. I cannot say. That depended on the necessities of the election contestations. For that we did not ask for subscriptions from any one.

Q. When did the contestations commence?

A. In the month of April.

Q. Towards the middle of April?

A. The majority of the contestations were of the middle of April. We got the money before. We did not want to wait to the last minute to get the funds.

Q. Can you say how many signed blanks were left with Senator Pelletier?

A. I know nothing at all about them ; I was not there.

And further the deponent saith not.

EDWIN POPE, recalled, testified as follows :

By Hon. Mr. Justice Davidson :—

Q. Show me your subpoena ?

(Witness produces the same.)

Q. Have you made the search directed by your subpoena, Mr. Pope ?

Mr. Charles B. Langlois :—

If Your Honours please, I beg to appear on behalf of the Great North Western Telegraph Company, and object to any proof of telegrams or anything in fact which appears to be outside of the present inquiry. The company, of course, is extremely responsible to the public, and the communications which it receives are supposed to be confidential. I am instructed therefore to object to the production of anything except what directly bears upon the case now submitted to the Commission, but nothing outside of that. In fact, Your Honours are aware that under the statute the witness is liable to a penalty if he does produce, without the order of the Commission, anything which goes to destroy the confidence which the public has reposed in the Company. This is not merely an objection on the part of the witness, but also on the part of the Company,—not only as a Company here, but as extending throughout the whole of the continent. It would go to destroy the confidence that people have in this Company, if communications irrelevant to this case can be brought before the Court and be put in evidence before the public. We claim that nothing may be inquired into not relevant to the present case, and the consequence of so extending the inquiry might be disastrous beyond anything we could imagine. In the same way the Post Office might be compared to a Company of this kind, and would be subject to the same rules and the same objections except for the very, very exact articles named in the subpoena, which of course, I will admit, must be brought before the Commission, but no others can be brought before the Commission and admitted.

By Hon. Mr Justice Davidson :—

Well, the witness can answer the present question. (Question repeated.)

A. I have.

Q. And found no messages designated ?

A. All the messages called for by the subpoena have been destroyed.

Q. Have you any other subpoena ?

A. I have no other order. There was an order given to me verbally, and I can answer to that.

Q. As to May and June ?

A. Yes, Sir, as to May and June. I have made an examination up to the 13th of May which was all I was able to manage in the time given me by the Court, and I find no messages between the parties mentioned in the subpoena referring at all to the Baie des Chaleurs matter.

Q. Have you the order that was served upon you calling upon you not to destroy any messages ?

A. Yes, I have ; I have it with me.

Q. What is the date of it ?

A. The 22nd day of October.

Q. Since that date have any messages been destroyed in your office ?

A. No, Sir, none at all.

Q. None at all ?

A. None at all.

Q. You will hand up to the Commission, not necessarily for production in the case the messages which you have so far found, and the Commission will determine whether they are relevant to the inquiry or not.

Mr. Langlois :—

That is the objection which I wish to make, if that is the question put to the witness. He has to be the judge, in this particular instance, of what relates to the particular business under inquiry now, and necessarily so because he is a public officer. He is in the employ of a telegraph company, which is an immense body, doing business over the whole world, and in which everybody has confidence that nothing will be produced irregularly or improperly. I certainly think it is for the witness to decide what he shall produce, especially in an inquiry of the present nature. Were it a criminal matter, there would be no question about his being bound to produce everything that the Court might order, but I take it that the Court is bound to accept his statement as to what is in his office relative to the present matter and what is not.

The Witness :—

I may say that the only messages I have discovered are two messages addressed to Mr. Robidoux and Mr. Langelier, and they are both on matters entirely foreign to this inquiry.

By Mr. Casgrain :—

How do you know that ?

The Witness :—

I have sense enough to understand.

Hon. Mr. Justice Davidson :—

The Commission are of the opinion that the determination as to whether the messages now in the possession of the witness are relevant to the inquiry or not must rest with the Commission, and cannot accept the judgment of the witness upon this point.

The Witness :—

I shall have to ask a proper order of the Commission to produce them.

Hon. Mr. Justice Davidson :—

The order is now given you.

A. A verbal order?

Q. Yes Sir.

Mr. Langlois :—

The messages need not be made public, I presume?

Hon. Mr. Justice Davidson :—

Certainly not. We will protect the witness and the company.

(After examining the messages.)

These are foreign to this inquiry.

To Mr. Hall :—

Do you desire the search to be prosecuted further?

Mr. Hall :—

I would like to have the witness do so. I suppose he includes the word " cablegrams' in the order,

Hon. Mr. Justice Jette :—

Certainly.

To the witness :—

Q. Can you conclude the search by to-morrow morning?

A. That is not possible. I have given all the time I could yesterday, and I have only got through one-quarter of the search.

Hon. Mr. Justice Davidson :—

The witness can continue his search and can communicate to us informally the result of his labors, and if he sees anything relative to this inquiry, we can have another session.

JOHN MURRAY, of the city of Quebec, manager of the Canadian Pacific Railway telegraph Company's Quebec office, again appeared and deposed as follows :—

By Hon. Mr. Justice Davidson :—

Q. Have you found any telegrams?

A. I examined the business of the months of May and June, and I found four telegrams; but I don't think they are really connected with this matter, and I believe, according to the rule, we ought to have an order from the Court to produce these telegrams; but in order to save time, if you will allow me, I will hand them up for your inspection, and to get them back, if you will agree upon it.

John Murray

handed to Commissioners, who, after taking communication of the tel
to the witness, they not having any bearing on the subject matter

the deponent saith not.

on then adjourned to the 7th November, 1891.

JULES BÉLANGER,

Clerk of the Commission.

ANADA,
CE OF QUEBEC,
ict of Quebec. }

ROYAL COMMISSION

ued under the Great Seal of the Province constituting and appointing the Honourable A. JETTÉ, Judge of the Superior Court, the Honourable LOUIS-FRANÇOIS-GEORGES BABY, of the Court of Queen's Bench, and the Honourable CHARLES-PEERS DAVIDSON, Judge Superior Court, Commissioners to inquire into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Victoria, chapter 88, in so far as it relates to the Baie des Chaleurs Railway Company.

21st SITTING

the seventh day of November, in the year of Our Lord one thousand eight hundred nety-one.

PRESENT :

The Honourable Mr Justice LOUIS-A. JETTÉ, President,
" " LOUIS-FRANÇOIS-GEORGES BABY,
" " CHARLES-PEERS DAVIDSON,

Commissioners.

THE HONOURABLE PIERRE GARNEAU is recalled, and deposes as follows :

(Examined upon the special application of Mr. Casgrain.)

By Mr. Casgrain :—

Mr. Garneau, will you take communication of **Exhibit No. 195**, being a number of newspaper the *Courrier du Canada*, and state whether you have read the paragraph l " A Rumor " published in that newspaper, at the date upon which it was published ?

(The witness takes communication of the newspaper.)

. I must say that I never saw that article before. I heard of it recently, since it has n question before the Commission.

Are you a subscriber to the *Courrier du Canada* ?

. Yes, Sir.

And are you accustomed to read it ?

. Very rarely ; for a year past I read it very rarely.

. It has gone down a little within the past few months ?

. No, for a couple of years, and still more within a couple of months.

. Are you certain that you had not read that paragraph, or do you merely not ber ?

. I am certain that I did not read it. I read the *Courrier* only very seldom.

. It is not true that you were spoken to about that article and that you spoke about rself ?

.. At the time ?

. Yes.

A. Never.

Q. Are you certain of that ?

A. No one ever spoke to me about it.

Q. Are you certain that Mr. Pacaud did not speak to you about it ?

A. I am positive that Mr. Pacaud did not speak to me about it.

Q. You are certain that on the twenty-seventh, when Mr. Pacaud went to your house, that you did not mention that article to him ?

A. Never, I saw Mr. Pacaud only once, the time in question in my first evidence, and that was not on the twenty seventh.

Q. The letter which Mr. Pacaud wrote to you was written on the twenty fifth, a Saturday, and Mr. Pacaud went to your house on the twenty-seventh, a Monday evening ?

A. It was not in the evening, that he came to my house.

Q. Then, you are sure that you have not read that article ?

A. I am certain that Mr. Pacaud never spoke to me about that article.

Q. And you have not read it ?

A. And that I have not read it.

Q. Did you, about the third of June read, a letter published in the *Etendard* and in the *Electeur*, by Mr. Chrysostôme Langelier, respecting the Baie des Chaleurs affair ?

A. I do not remember that.

Q. You do not remember that ?

A. No.

Q. That did not strike you ?

A. No, not at all.

Q. You do not remember that there was, about that time, some discussion respecting the Baie des Chaleurs Railway matter, and especially in the *Etendard*, in a letter from Mr. Chrysostôme Langelier and in an article in the *Electeur* in which Mr. Chrysostôme Langelier's letter was answered ?

A. I do not remember that at all, not at all.

And further the deponent saith not.

PHILIPPE VALLIÈRE is recalled and continues his deposition follows :

(Examined upon special application of Mr. Bétique.)

By Mr. Bétique :—

Q. Mr. Vallière about the third of July last I believe you accompanied Mr. Pacaud to the Banque Nationale, when there was question of the discounting of Mr. Pacaud's note for the sum of twenty thousand dollars (\$20,000) endorsed by you ?

A. Yes, Sir.

Q. Did you see Mr. Lafrance, the cashier of the bank, with Mr. Pacaud, respecting the discounting of that note ?

A. Yes, Sir.

Q. Will you state what occurred in your presence.

A. I went to the bank with Mr. Pacaud to ask for the discount of that note ; Mr. Lafrance told us that he was short of funds, that it would not be easy for him to discount that note at the time, he said. " It is very singular, the president asked me to do him the

when I had paper of the kind to bring it to him." I sent for the president, I was told with what Mr. Lafrance told me. The president came, he said. "Do that note." Pacaud, in the meantime had said to Mr. Lafrance. "But I wish to accommodate you. Something standing, and I will pay it at once here; I want a bill of exchange for Mr. Lafrance. I have money elsewhere, but, I will take it here, and I will not withdraw the balance of the account until the end of the month, or if I withdraw any, it will be a trifling sum." Mr. Lafrance told him: "I would rather have you do it at the beginning of the month." Mr. Pacaud said: "If I want anything it will be just a trifle. I will leave it to you." The note was discounted; Mr. Pacaud paid the note that was standing over me, and he asked for the bill of exchange. Mr. Pacaud told me at the time that he had money elsewhere.

Mr. Casgrain:—

What date was that?

In the beginning of July.

I further the deponent saith not.

n. Mr. Justice Jetté:—

In closing this inquiry. I may perhaps be permitted to state that the obstacles which we thought we would have to overcome, have been fortunately avoided, and we have at last reached the end of this difficult portion of our task.

It would not be right were we not at once to admit that this happy result is especially due to those who have represented before us, those two great powers of modern society, the Legislature and the Press.

To the Counsel, who so ably aided us in our labours, the least that I can say, is that I do not disappoint our expectations, and we are grateful to them for the deference with which they always accepted our decisions and followed the direction which we deemed it right to give to the evidence.

The press did not, no doubt, interrupt its ardent struggle which this inquiry provoked, but we are pleased to see that they left the members of the Commission, altogether outside of the spates. It thus greatly contributed to preserve that prestige and authority so necessary to the accomplishment of our task. It is therefore our duty to acknowledge and to commend it thereon.

. Béique:—

Before the close of this last sitting my learned colleague, Mr. Amyot, and myself are desirous of publicly stating here, that from the first day to the last, in the conduct of this inquiry, Your Honours never for a moment ceased to show a true spirit of justice.

I may feared that, owing to the political passions which an inquiry of this nature, could give rise to, the magistracy, of which Your Honours are worthy representatives, might to some extent lowered in its reputation for impartiality; but, I am happy to say that I know that in so stating I am but interpreting the opinion of every one, that by your method of proceeding, all fears on that point were soon dissipated. In fact we have so acted as to have cause it at all times to be forgotten, that we were concerned

in a political contest. The action of the Commission was not for that reason, less energetic; it has succeeded, as every one admits in placing before the public all the facts and circumstances that could possibly enter into the scope of this inquiry.

On our side, we believe, that we can testify on our own behalf that we were no obstacle to a full and complete investigation, and on the contrary that we favored that result as much as it was in our power.

With Your Honours' permission, we also desire to express our high appreciation of the signal services rendered by the Clerk of the Commission.

By Mr Hall :—

I concur entirely in the remarks just made by my honourable colleague Mr. Beique, but I wish to add a few words to what he has so well stated. I do not wish at all to enlogize the members of the Commission. I wish however to publicly state here on my own behalf, and on behalf of my colleague, Mr. Casgrain, that the public is unanimous in recognizing the complete impartiality with which the inquiry has been conducted. You, gentlemen came to preside over this inquiry with the firm determination of not forgetting the judicial character with which you are vested, and we cannot but acknowledge that you have not deviated from the line of conduct which you laid down from the very beginning.

For my own part, I do not conceal that I hesitated at first to undertake the task which it was sought to impose upon me, fearing that my character as a politician should make me forget for a time my duties as an advocate, but, upon reflexion, I thought to myself that above all, I was a member of the Bar and that I could not as such refuse my services even in so delicate a matter. It was by being inspired with that thought that my colleague, Mr. Casgrain, and I, endeavored, throughout the whole proceedings, always to remember the reserve which that capacity imposed upon us, and to confine ourselves to the vigorous performance of our duty and nothing more. I hope that, although we at times had to venture upon difficult and dangerous ground, we did not deviate too far from the line of that reserved and impartial conduct which we had resolved to follow.

In any case the Commissioners have been so indulgent to us in the course of this inquiry that I am certain that they wilfully refused to notice anything that may have sometimes escaped our vigilance and good will.

Trusting that the efforts which we made to second Your Honours, in the accomplishment of the arduous task which you had to fulfil, have not been fruitless, we think at the same time that we can render to ourselves the justice that we never at any time were wanting in that deference and respect which were due to the members of the Commission.

Mr. Amyot :—

I believe that I interpret the feeling of the Quebec Bar, in congratulating the Montreal Bar in sending us two such worthy representatives from its body which we have for a long time learned to respect and esteem, and I may say, that if there are many advocates of their ability in the city of Montreal, then the Montreal Bar is worthy of the great metropolis of the Dominion.

Mr. Justice Davidson :—

I add but a word to the appreciation expressed by the president of the assistance afforded us by the learned and able counsel who have appeared before the Commission. We

desire to express our thanks for the very gratifying remarks with which they have ended their labors. We feel that we would be unworthy exponents of that principle of our constitution which separates the judicial function from the warfare of parties, and that we would be unworthy of our position as British judges if we were not able to approach an inquiry of this character without prejudice, to conduct it without bias and to determine it without favor.

Mr. Hall asked whether the Commission was disposed to allow counsel to produce factums.

Mr. Bétique :—

For our part we have entire confidence in the result of the inquiry, and we do not believe that there is any occasion to go further than we have done.

Hon. Mr. Justice Jetté :—

We do not see the necessity, Mr. Hall ; our impression is not to receive any.
And the Commission adjourned *sine die*.

J. BÉLANGER.

Clerk of the Commission.

IN CHAMBERS.

The eleventh day of November, one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,

“ “ “ “ LOUIS-FRANÇOIS-GEORGES BABY,

“ “ “ “ CHARLES-PEERS DAVIDSON,

Commissioners.

The following witnesses appeared before the Commissioners and acknowledged and signed their depositions :

Mr. Lafrance, before the Honourable Mr. Justice Jetté.

Mr. Riopel, “ “ “ “

Mr. Gaboury, “ “ “ “

Mr. Pope, “ “ “ “

J. BÉLANGER,

Clerk of the Commission.

IN CHAMBERS.

The thirteenth day of November, one thousand eight hundred and ninety-one.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
 " " " " LOUIS FRANÇOIS GEORGES BABY,
 " " " " CHARLES PEERS DAVIDSON.

Commissioners

The following witnesses appeared before the Commissioners and acknowledged their depositions :

The Honourable Mr. Mercier,	before Mr. Justice Jetté.
" Mr. Garneau,	" " "
" Mr. Shehyn,	" " "
" Mr. D. A. Ross,	" " "
" Mr. C. Langelier,	" " "
" Mr. J. E. Robidoux,	" " "
" Mr. S. Lesage,	" " "
" Mr. E. Gagnon,	" " Baby.
" Mr. J. Murray,	" " "
" Mr. E. E. Webb,	" " "
" Mr. E. Pacaud,	" " Jetté.
" Mr. P. B. Dumoulin,	" " Baby.
" Mr. P. A. Labadie,	" " "
" Mr. F. W. Smith,	" " Jetté.
" Mr. H. Shaw,	" " Baby.
" Mr. L. C. Marcoux,	" " "
" Mr. P. Legaré,	" " "
" Mr. J. C. Langelier,	" " "
" Mr. A. Clément,	" " Jetté.
" Mr. P. Vallière,	" " "
" Mr. A. F. Carrier,	" " "
" Mr. M. Deschênes,	" " "
" Mr. J. C. More,	" " Baby.
" Mr. L. J. Cannon,	" " "

The Honourable Judge Irvine appeared before the Commissioners, who interviewed him upon the subject of the cheque for \$7,500 paid to Mr. Pacaud, by the Montreal Bank, the portion whereof was used for the draft sent to Paris, to the Honourable Mr. Mercier.

After receiving explanations from Mr. Irvine, the Commissioners admitted that the matter arose from a source altogether foreign to that forming the subject of the inquiry and that they are empowered to hold.

The witness Pope appeared, and produced the telegrams which he was ordered to produce, and which had not been destroyed. After verification by the Commissioners the telegrams were declared to be foreign to the Base des Chaleurs Railway matter and were returned to the witness.

J. BELANGER,

Clerk of the Commissioners

IN CHAMBERS.

The seventeenth day of November, one thousand one hundred and ninety-one.

PRESENT :

The Honourable M. Justice LOUIS-A. JETTÉ, President,
 “ “ “ “ LOUIS-FRANÇOIS-GEORGES BABY,
 “ “ “ “ CHARLES-PEERS DAVIDSON,

Commissioners.

GUSTAVE GRENIER, Clerk of the Executive Council, appears before the Commissioners, and acknowledged and signed his deposition before Mr. Justice Jetté.

J. BELANGER,

Clerk of the Commission.

IN CHAMBERS.

The twentieth day of March, 1891.

PRESENT :

The Honourable Mr. Justice LOUIS-A. JETTÉ, President,
 “ “ “ “ LOUIS-FRANÇOIS-GEORGES BABY,
 “ “ “ “ CHARLES-PEERS DAVIDSON,

Commissioners.

EDWIN POPE, a witness already examined, again appears before the Commissioners, in Chambers, and being questioned as to the non-production of the cablegrams which he had been asked for, declared : That shortly after returning from Europe, Mr. Pacaud went to the office of the telegraph company, of which he, the witness, is the agent, and asked for permission to look at the cablegrams which he had sent to the Honourable Mr. Mercier. After a search had been made, one of the clerks, showed him three or four which he read and returned to the employee who had charge of them. The witness then asked Mr. Pacaud, if he would again require those cablegrams. Mr. Pacaud replied no and left. After Mr. Pacaud had gone, the company's clerk, asked the witness whether those despatches should be replaced in the bundle whence they had been taken, but the witness, not attaching any importance thereto, answered that there was no need to keep them, and gave orders to destroy them. Those despatches were then destroyed in compliance with the orders given.

The witness declared that Mr. Pacaud had no knowledge of that order nor of the destination of those despatches.

Those cablegrams were the only ones that were so shown to Mr. Pacaud and destroyed as just stated.

J. BELANGER,

Clerk of the Commission.

BAIE DES CHALEURS RAILWAY.

OFFICIAL CORRESPONDENCE BETWEEN HIS HONOUR THE LIEUTENANT-
GOVERNOR AND THE HONOURABLE Mr. MERCIER,
PRIME MINISTER.

GOVERNMENT HOUSE.

QUEBEC, 7th September, 1891.

THE HONOURABLE HONORÉ MERCIER,

Prime Minister of the Province of Quebec,

Quebec.

Sir,

The Statute of Quebec, 54 Vic., cap. 88, enacts that it shall be lawful for the Lieutenant-Governor in Council to grant certain subsidies to aid the construction of the railways therein enumerated, and specially (par J.) to aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length for the part not commenced and that not finished, about 80 miles, going to or near Gaspé Basin, a subsidy of ten thousand acres of land per mile, not to exceed in all 800,000 acres, payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works, and to supply the rolling stock for the whole road, and keep it in good working order, and also upon condition that the balance of the privileged debts due by the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant-Governor-in-Council.

When this enactment was submitted for the consideration of the Legislature, you made a speech, of which *L'Electeur* published a report on the 29th December, 1890, from which I quote the following :—

“ We had, gentlemen, at one extremity of the country a railway for which the Province of Quebec has already made enormous sacrifices, the Baie des Chaleurs Railway. I will not yield to the temptation of saying what I think of those who received the money of the Province and of the Dominion for the purpose of building this road, and who failed to do so. In matters of this importance, recrimination is not only useless but becomes dangerous. I would not advance the cause of public prosperity by resorting to recrimination at the present moment, but the facts are there and all can appreciate them. I need not, therefore

s judgment upon them. All I will say is that this road received a subsidy of ten thousand acres of land for 180 miles, which amounted to 1,800,000 acres of land; at 35 cents for the half, you can see to what an enormous sum of money this amounted. The Federal Government on its part granted a subsidy of \$3,200 per mile, and most unfortunately both Governments consented to double up the subsidies of the second section on the first. When it was reported to us that the first section was completed, we paid, as did the Federal Government, the whole subsidy, so that the remaining section is now completely uncovered. Worse than that, the road not having been operated or used for two years, the works are in a hopeless condition. The culverts threaten to crumble, and the ties have in places been carried away by freshets. The embankments are not nearly as good as they were, as may easily be understood. It will, therefore, be necessary to lay out considerable additional sums of money to put that part of the road on which the doubling up was done in a fit condition, that is to say, that part on which a double payment of the subsidy was made. We have decided to make a fresh sacrifice. As you will see by the statements which were laid before the House the other day, there are still a few thousand dollars due to workmen and farmers that it has not been possible to pay, notwithstanding the generosity of the Legislature during the last session. We are not able to pay everything either because we had not enough money, and this is the principal reason, or because the proof of the claims came too late. We ask of you a subsidy of 800,000 acres of land to complete this road, in addition to the \$50,000 required for the construction of the bridge over the river Cascapedia. We are in hopes of being able to treat to advantage with wealthy individuals or powerful companies. Grant Heaven that our expectations may be realized, and that we be not deceived any more. At all events, we shall be doubly cautious; we shall act with more prudence, and shall endeavor to complete this railway as far as Gaspé Basin, there to connect with the navigation of the Atlantic."

You are also reported by *L'Electeur* of the 21st November, 1890, in a speech on a motion made by Mr. Carrier, M. L. A., for the production of papers relative to the Baie des Chaleurs railway, to have spoken as follows :—

"You all remember the touching union of sentiment with which, during the last session, the House authorized the government to pay a sum of \$20,000 to the unfortunate laborers who had not been paid for their work on the railway. I wish every one of the members of the House to read the sad tale which is about to be laid before the House. The relation of the saddest things is to be found therein. Poor laborers, with nothing but their work to live upon, had not in the month of March last received their wages for the ten months previous, and these wages, the only thing they had to live upon and feed their families. This money, which had been furnished by the Province, on condition that it would be used to pay these legitimate and privileged debts, had found its way into the pockets of speculators. More than that, the farmers, through whose lands the road passed, had not been paid when they presented themselves for payment of their rightful due, for answer they were turned out of the offices of the company. I remember one instance in particular. A poor farmer, who owned a single lot, nearly the whole of which had been taken by the road, finding it impossible to work the small portion of it which remained to him, came to me and said: "Here is my position, I had a bit of land on which I raised the necessary products, such as potatoes, etc. Besides this I earned my livelihood by fishing. The railway has taken a part of my land; I cannot cultivate the balance, and I have not been given a cent."

"I sent for the special agent of the company—I speak of 1888—when I passed a short time in this part of the country. I asked him why he did not pay. He answered me. "I have not paid, because the company has given me no money." "Then, why do you take possession of the land without offering the money?" "Because the company promised to send me the money at once, and to pay the amount agreed upon." "You must then have put in claims?" "Why, yes, I write at least three times a month, and I do not even get an answer. It is impossible for me to pay this good man a debt which we acknowledge to be due, and, for a good reason, because those who are at the head of the company are busy drawing the money but never pay it out. Such is the position."

"How many such cases are there? Take for instance, the poor laborers, who, during the winter, have made ties. They worked the whole winter; they brought them down the rivers amid great hardship; they delivered them to the company, and up to the last moment when we stepped in, more than three-fourths of these people had not been paid. They gave their wood, their time, they spent the winter in the bush to earn a little money and contributed by their labor to the construction of this road. Their wood had been used, and they were not paid; they were left to starve. Go ask the poor people who, for months, have fed the laborers who worked on the road, and provided them with the necessary supplies. Go ask the poor tradesmen along the coast from whom provisions were obtained for the men. You will hear the same story repeated: "We have not been paid;" and at this moment, although we have paid more than \$50,000 and \$28,000 that remained of the money due to the other company, and \$20,000 that the House authorised us to pay, there still remain due some \$50,000 of privileged debts.

"This has already been explained to you. Sixty miles out of 100 have been partly built: 40 remain from Cascapedia to Gaspé Basin, not an inch of which has been built. From Cascapedia coming up you have about 60 miles of road partly constructed, but there are no bridges. When you reach the River Grand Cascapedia, a magnificent stream, you require a bridge which will cost over \$150,000. Nothing has been done there either. At certain seasons of the year, in the spring and fall, it is physically impossible to cross it, and yet it is the great artery of communication in that region. All those who have to come up to take the cars at Campbellton must pass there. I say to those who do me the honor to listen to me, I say to the members of the Legislature of this country, who are gifted with intelligence and must have a heart, "You have there a people who rely upon you."

When you demanded of the Legislature the power to annul the charters of the railway companies that had not fulfilled their obligations to the Province, you uttered according to *L'Electeur* of the 27th December, 1890, the following words:—

"What is this power which we ask? Everybody knows that the House has for years voted considerable sums of money in favor of certain railway companies. These companies were incorporated in a more or less inconsiderate manner. They have received the subsidies and they are bankrupt. We cannot get rid of them. There is no procedure which permits us, the Executive, to say to these companies, which are either bankrupt or do not proceed with their work:—"Begone, we want to build the railways which the Province decided to build." There is no remedy. These are insurmountable obstacles, barriers thrown across the way, and you cannot remove them. Shall the progress of the whole Province or of part

the Province be arrested because individuals have formed companies that have taken the money of the Legislature and stand stock still? This is not as it was intended to be by the Legislature. The intent of the Legislature is that when a company does not proceed with the building of the railway it shall stand aside; and if it does not stand aside there must be some means to force it to do so. We cannot suspend the forward march of the whole country because certain parties find it profitable to speculate with the money of the people. What is occurring at this moment? Take the Baie des Chaleurs. This company has asked that its subsidies should be doubled up. A subsidy of 10,000 acres of land per mile had been granted out for 180 miles, in all, 1,800,000 acres. The Federal Government had granted it \$3,200 per mile for 180 miles. Both governments have doubled up the subsidies, and now, the company after having received all the subsidies destined for the railway in the intention of those who voted it, stays the whole progress of that region, refuses to pay legitimate debts, refuses to pay for the land over which the railway passes, to pay for the ties that were made last winter by the unfortunate farmers, to pay for the provisions bought in the stores. This company remains, and when we say to others, "Do go and try to purchase the rights of the shareholders in order that things may proceed," the shareholders hold back for exorbitant prices. They have nothing in view but to make money at the expense of the public. We ask for the power to annul this charter in the public interest.

"If we obtain the power, what will be the consequence? The shareholders will sell their rights at reasonable prices, and other people will be enabled to build the road.

"Take other instances: You have the Montreal and Sorel Railway Company, to which we gave \$112,000 to pay certain claims and to complete the road. The claims have been paid, but the company refuses to complete the road, and since that time, not only does the company refuse to obey us, but it does not even answer our letters. Do you think that is right? Why not cancel this charter, and allow responsible persons to build this road, which will afford an outlet for the wealthy inhabitants of Verchères and Chambly? Public interest requires it; private interests are against it. I could give other instances, but I will be content to mention the two which appear to be the most flagrant."

I also find, in the issue of the 21st March, 1890, of the same paper, *L'Electeur*, in a report of observations made before the Legislative Assembly, concerning certain resolutions relating to the Baie des Chaleurs Railway Company, the following:—

Mr. Martin complains that certain claims against the Baie des Chaleurs Railway have not been paid. Mr. Mercier answers him as follows:—

"No complaint could be more unjust than this. We have hitherto had nothing but thanks. We only pay privileged claims; we do not pay contractors' claims. We pay privileged claims, that is, those of farmers, when they prove them, and when they are accepted; we do not pay them when they are disputed. There are farmers whose land has been taken by the railway, and whom we cannot pay, because of litigation, or because arbitrations have been held. We have paid the farmers who made the ties. When the amounts are admitted by the contractors we pay. We consider such claims to be privileged. The laborers who worked on the road are paid by us directly their claims are approved by the contractor."

In a record of the Department of Public Works and Railways, I find that in April, 1891, the Government was taking steps to execute the legislation granting 800,000 acres of

land to the Baie des Chaleurs Railway Company under the Act above cited; and I find there a telegram from the Hon. Mr. Robidoux, Attorney-General, to the Hon. Mr. Garneau, of date the 17th April, 1891, from Montreal, in the following words:—

"THE HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Quebec.

"I fear to be detained here by illness longer than I thought. You may proceed to business in my absence. I ratify in advance all you will do in the matter of the Baie des Chaleurs Railway. Langelier will tell you exactly what was decided upon before the departure of Mr. Mercier. I am informed that any delay in this matter may be prejudicial to the interests of the enterprise and of the Province.

(Signed), J. E. ROBIDOUX."

On the same day, Mr. A. M. Thom made to the Government the proposal embodied in the Order in Council No. 237.

Between the 21st and 23rd April, 1891, the Hon. Mr. Garneau, Commissioner of Public Works and Railways, came to confer with me on the subject of the proposal made by Mr. A. M. Thom and those whom he represented, for the reforming of the Baie des Chaleurs Railway Company—on the conversion into money of the subsidy of 800,000 acres of land at the rate of 85 cents per acre, making \$280,000—on the payment of the subsidy of \$50,000 for the building of the bridge over the Grand Cascapédiac River, and the payment of the debts which, according to the law and the foregoing quotations, was to be made for the protection of the laborers, and of dealers in provisions against the contractors of this road and to settle for the right of way—and also regarding the appointment of a Commissioner to make the payments.

I advised the Hon. Mr. Garneau to act with great caution and circumspection in this matter. I reminded him that the construction of this railway had already given considerable trouble in the county of Bonaventure, and I begged of him to see that all be done according to law, and on the report of the attorney-general. He told me that he had the report of the Hon. Mr. Charles Langelier, but I pointed out to him that this was not the report of the proper officer. He told me he would communicate with the Hon. Mr. Robidoux, who was lying ill at the time, and thereupon he took his leave.

On the 23rd, the Hon. Mr. Garneau again called on me, with reference to this matter, informing me that the committee of the executive had adopted a report on the subject of the Baie des Chaleurs Railway company, and another appointing a commissioner to make the payments authorized by law. I repeated my advice to act with prudence and circumspection, and he informed me that the attorney-general had reported to him that everything was in conformity with the law, but that, as he was ill he required a few days to write out his report in its final shape, and he (Hon. Mr. Garneau) assured me that he would see that special instructions were given to the commissioner.

On the 23rd, after this interview, I sanctioned two reports of the committee of the executive, which became the following orders in council:—

Copy of a Report of a Committee of the Honourable the Executive Council, dated 21st April, 1891, approved by the Lieutenant-Governor on the 23rd April, 1891.

No. 237.

Concerning the Baie des Chaleurs Railway.

The Honourable the Commissioner of Public Works, in a report dated 20th April instant (1891), sets forth that he has received a letter from Mr. August N. Thom, of date the 17th April instant, reading as follows:—

QUEBEC, 17th April, 1891.

TO HONOURABLE P. GARNEAU.

Commissioner of Public Works

and Premier, ad interim.

Sir.

We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway if the following proposition is accepted by the Government, the company under the management of a new board of directors will be prepared to go on with the works complete the road and have it ready for traffic on or before the 31st December, 1892, from Matapedia to Paspébiac, and thence to Gaspé Basin as soon as circumstances will permit.

For the carrying out of the present proposition it is understood that the Government shall pay the company:—

1. The balance of the subsidy granted by the Statutes of Quebec, 45 Vict., chap. 23 and its amendments, and 51-52 Vict., chap. 91, sec. 12, amounting to \$260,000 to be payable as earned.

2. The subsidy of \$50,000 granted by the statute of last session, 54 Vic., chap. 88, sec. 1, sub-sec. i, to be payable as soon as a bridge over the Grand Cascapédia is finished and accepted by the Government.

3. To comply with the intention of the law these subsidies of 800,000 acres of land granted by the Statutes of last session, 54 Vic., chap. 88, sec. 1, sub-sec. j, shall be converted and the proceeds thereof shall be used by the Government to pay the legitimate and privileged claims, (in accordance with the above Act,) now existing against the road or against the company; and if any surplus should exist after the payment by the Government of all claims now existing against the said road as aforesaid, such surplus, if any, shall go to the new company on final settlement.

The said debts and claims after they shall have been approved and certified by Mr. Thom, representing the company, shall be paid by a person appointed by the Government for that purpose, and failing such approbation and such certificate by Mr. Thom, they shall be paid upon a judgement or arbitrators' report in favour of any payment. When the commissioner appointed by the Government shall accept a claim and Mr. Thom refuses his certificates and approbation, then and in each case the claimant has an absolute right to arbitration, and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an arbitrator after fifteen days' notice to do so, the commissioner may then pay the claim, and his action shall be binding on all parties.

As a guarantee that they will go on with the works, build, complete and run the road, the company will deposit with the Government bonds of the actual emission to the amount of five hundred thousand dollars (\$500,000) which shall be exchanged for an equal amount

of bonds of another issue of same amount and value in case the company would deem proper to cancel the present issue and replace with others or other satisfactory security in lieu thereof, it being distinctly understood that the company will be handed back the bonds or other security so deposited on the completion and equipment of the road to Paspébiac.

The board of directors of the company under the new organization shall be composed as follows: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal; and two other persons to be named by the Government.

On the sixty miles of the said road comprised between Metépédia and the big river Cascapédia, the company will resume the works as soon as they can take possession of that section, and on the forty miles ending at Paspébiac, surveys will be commenced as soon as the present proposition is accepted, and the works will proceed with the utmost diligence.

The whole respectfully submitted.

(Signed), A. M. THOM.

And upon the said A. M. Thom, and the persons in the name of whom he acts and whom he represents obtaining a transfer of the charter of the Baie des Chaleurs Railway, and seeing that the persons mentioned in the propositions aboves cited have the necessary means to carry out the enterprise, as required by the Statute of last session, 54 Vic., chap. 88, section 1, sub-section J, and seeing that it is in the interests of the Province to accept it, the Honourable Commissioner of Public Works recommends that the said proposition be accepted as follows, that is to say:—

1. To re-organize the Baie des Chaleurs Railway Company.
2. To construct and put in operation on or before the 31st December, 1892, the one hundred miles of the said railway comprised between Metépédia and Paspébiac, and the remainder as far as Gaspé Basin as soon as circumstances will permit.
3. To continue the works on the sixty miles comprised between Metépédia and the river Grand Cascapédia, as soon as the company shall be able to take possession of this part of the road, that is to say, as soon as the claims which are not contested shall have been paid; which shall be done at the diligence of the Government between now and the 10th May next, at the latest, but without recourse against the Government in default of such diligence, to commence the explorations upon the forty miles between the river Grand Cascapédia and Paspébiac, as soon as the proposition shall be accepted, and push them on with the utmost dispatch.
4. That the first Board of Directors of the said company shall be composed of the following persons: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; Angus M. Thom, of Montreal; James Williamson, of Montreal, and of two persons named by the Government.
5. To deposit as a guarantee in the hands of the Government five hundred thousand dollars of debentures or bonds of the company of the present issue or any other satisfactory guarantee with the privilege of exchanging the said debentures or bonds for an equal amount of debentures or bonds of any other issue, not to exceed however the actual issue, and of the same value, in case it shall be judged expedient to withdraw the present issue, which debentures or bonds or other guarantees shall be returned by the Government to the company as soon as the road shall have been finished to Paspébiac.

ON CONDITION :

1. That the balance, to wit, \$260,000 of the subsidies granted to the said railway by 45 Vic., chap. 23 and its amendments and 51-52 Vic., ch. 91, sec. 12, shall be paid to the company in proportion as the same shall have been earned according to law.

2. That the subsidy of fifty thousand dollars (\$50,000) granted by the statute 54 Vic., ch. 8, sec. 1, sub-section I, shall be paid to the company as soon as the bridge over the river Grand Cascapedia shall have been constructed and accepted by the Lieutenant-Governor in Council, upon a report of the Government Engineer.

3. That the Government binds itself to pay the company the subsidy of 800,000 acres of land, granted by the statute 54 Vic., chap. 88, section 1, sub-section J, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway; and the surplus, if any, shall be, after the payment of all claims actually existing against the company, kept by the Government, which shall render an account thereof to the company on final settlement.

That the said debts and claims after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government; and in default of such approbation and such certificates they shall be paid upon a judgement or report of arbitrators in favour of any claimant. In the case of the Commissioner named by the Government accepting a claim and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration and the award of the arbitrators shall then declare that the costs shall be at the charge of the party who shall fail; and in default of the said Thom naming an arbitrator after fifteen days' notice so to do, the Commissioner may pay the claim to avail for all lawful purposes, and his action shall be binding upon all the parties.

Certified,

(Signed) GUSTAVE GRENIER,

Clerk of the Executive Council

Copy of a Report of a Committee of the Honourable the Executive Council, dated the 21st April 1891, approved by the Lieutenant-Governor, 23rd April, 1891.

No. 238.

As to the nomination of a Commissioner to pay the claims against the Baie des Chaleurs Railway Company,

The Honourable the Commissioner of Public Works in a memorandum dated twenty-first April instant (1891), recommends that Mr. J. C. Langelier, Assistant-Registrar of the Province, be appointed Commissioner to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the provisions of the Order in Council number 537 of the 23rd April, 1891.

Certified,

(Signed) GUSTAVE GRENIER,

Clerk of the Executive Council.

I find that in conformity with the recommendation made by me to Hon. Mr. Garneau, he gave on 24th April, 1891, the following instructions to the commissioner appointed —

" L. E. 1356,
L. R. No. 638.

" DEPARTMENT OF PUBLIC WORKS.

" QUEBEC, 24th April, 1891.

" J. C. LANGELIER, Esq.,

" *Deputy Registrar of the Province,*

" Quebec.

" Sir,

" As you have been appointed special commissioner by Order in Council No. 238, dated the 23rd instant, to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the Order in Council No. 237, passed on the 23rd instant, I think it proper to authorize you to at once examine and verify those outstanding claims and to decide which shall be considered as privileged debts legitimately due by the company or by the contractors of the Baie des Chaleurs Railway, or of the sections of this road between the 20th and 70th miles beyond the little River Cascapedia in the direction of Paspébiac, according to the prescriptions and conditions mentioned in the said Order in Council No. 237. And when you will be in a position to give me detailed statements, with documents in support thereof, of the privileged claims, whether contested or not, payment of which you will be prepared to make in conformity with said Order in Council No. 237, and of the Act therein mentioned, 54 Vict., chap. 88, sec. 1, p. J, I shall place at your disposal, as you shall want them, the amounts required to pay the privileged claims approved of, or for which a judgment or an award of the arbitrators shall have been given, and this by means of requisitions to be made by the undersigned to the honourable the Provincial Treasurer, on the subsidy of 800,000 acres of land converted into money, which subsidy was granted by the statute (paragraph J) to aid the completion and equipment of the said railway for a distance of 80 miles, as determined in the same statute, on condition that you furnish me, on demand, with a detailed statement, special or general, of the sums which you shall have paid out of the funds so placed at your disposal, with a general report, supported by receipts and vouchers, on the result of your operations; the whole according to the prescription and conditions set forth in said Order in Council No. 237 and said Act, 54 Vict., chap. 88, sec. 1, par. J. The expenses occasioned by such verification and such privileged claims approved or adjudged to be due shall be taken out of the said subsidy converted into money and paid to you on presentation of your account in detail.

" I remain, Sir,

" Yours, etc.,

" P. GARNEAU,

" *Commissioner.*"

the same day, the 24th April, 1891, Mr. J. Chrysostôme Langelier, the commiss- appointed, by a letter addressed to the Hon. Mr. Garneau, gave him the list of handed into the government against the Baie des Chaleurs Railway but not paid, ing \$57,073.54, and informed him that others would probably be forthcoming as soon ents should commence. Your declaration made in the House, as quoted above, out \$50,000 of privileged debts remained to be paid, and the letter of Mr. Jean tôme Langelier to the Hon. Mr. Garneau, correspond closely enough to show mately what part of the grant of 800,000 acres of land converted into money was ed to pay the claims foreseen by the law, the balance being destined for the building apletion of the road.

between the 23rd and 26th April, the Hon. Mr. Garneau again conferred with me on this of the Baie des Chaleurs Railway. He told me that strong pressure was being brought upon him, that he was required to do things that were repugnant to him, that threats ade to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to

I said to him : " These threats are futile. Under the circumstances, I think, that the Prime Minister accredited to me during the absence of the Hon. Mr. Mercier, annot leave me without an adviser ; what you have to do is to resist and to conform respects with the law." He appeared to me reassured and left.

er the recovery of the Hon. Mr. Robidoux, the Hon. Mr. Garneau gave me a copy eport of the attorney-general, wherein I read, among other things, the following :— here is another point which is not specially within my attributes but upon which I en requested to express an opinion : Is the contract implied in the Order in Council 3rd April, such a one as I should have concurred in had I been present when the n Council was passed ?

have no hesitation in saying that I concur in the Order in Council and that I approve approve of it for two reasons : 1st. Because I believe that it was of the highest nce to take the Baie des Chaleurs Railway out of the hands of the old company ; ond reason, for which I would have concurred in the Order in Council, is the solvency arties who compose the Baie des Chaleurs Railway Company as reorganized, and unquestioned reputation for uprightness in business. In this I find a sufficient gua- that the company will carry out its undertaking."

ore the 7th July, 1891, the Hon. Mr. Garneau called upon me again with respect to atter, and informed me that he had received a letter from the honorable the Prime r (then in Europe), in which the latter declared himself satisfied with the transac- concerning the Baie des Chaleurs Railway Company.

er what is premised I was justified in believing, upto the time that certain revelations h I will refer hereinafter were made, that the government would conform to the law ettlement of this matter.

idental to the consideration of a bill promoted by the Baie des Chaleurs Railway ny in the Parliament of Canada, and referred to the Committee on Railways, Tele- aud Harbors of the Senate on the 4th August, 1891, sworn witnesses declared that 28th April, 1891, the Hon. Mr. Garneau, acting as prime minister *ad interim* and ial treasurer, signed, payable to the order of Mr. J. Chrysostôme Langelier, the ssioner appointed under the Order in Council No. 238, a letter of credit on the Union f Canada for the sum of \$100,000, payable on or before the 10th July then next, bear-

ing interest at 5 per cent from the 1st June until payment, and another letter of credit of La Banque Nationale for the sum of \$75,000, payable on or before the 10th of July 1891, bearing interest at 5 per cent from the 1st June then next until payment, that these letters of credit were endorsed by the government commissioner, and that the proceeds thereof were paid to Mr. C. N. Armstrong, contractor of the Baie des Chaleurs Railway Company.

Witnesses heard before the same committee have also revealed certain circumstances which preceded and followed the issuance of these letters of credit and the use to which they were put. It was declared under oath that long before the 28th April, 1891, probably in the course of January preceding, Mr. Ernest Pacaud, editor of the newspaper *L'Electeur* of Quebec, and M. C. N. Armstrong met at the St. Louis Hotel, in Quebec; that the last named party asked Mr. Pacaud whether he thought the Government would be disposed to negotiate with other persons on the subject of the Baie des Chaleurs Railway, in case the negotiations then being carried on with Messrs. John Macdonald and Cameron should fall through, and Mr. Pacaud answered that he thought so, that about two weeks later Mr. Pacaud informed Mr. Armstrong that the Government was so disposed.

That on the evening of the 12th March, Messrs. Armstrong and Pacaud again met at the Windsor Hotel, in Montreal, and agreed to meet on the following day on the train going from Montreal to New-York.

That on the following morning, the 13th, Mr. Armstrong being on a Pullman, had a conversation with Mr. Pacaud about the negotiations already entered upon, that Mr. Pacaud thereupon waited upon the members of the Government of the Province of Quebec, who were in an official car attached to the same train, the Hon. Messrs. Mercier, Robidoux, Shehyn and Charles Langelier, that, when the train stopped at St. Johns, Mr. Pacaud told Mr. Armstrong that the matter would be arranged satisfactorily as soon as the Government should be made aware that Messrs. Macdonald and Cameron had withdrawn, but that they had as yet received no positive information on this last point.

That after this interview, Mr. Armstrong received a telegram from Mr. Pacaud dated at New-York, informing him that if he, Armstrong, wished to see the members of the Government he should come with a member of his syndicate to New York.

That on receipt of this telegram Messrs. Armstrong and A. M. Thom went to New-York, where they met Mr. Pacaud and Hon. Messrs. Robidoux and Charles Langelier at the Brunswick Hotel, and that they spoke together of the arrangements to be made with the new syndicate to effect the construction and completion of the Baie des Chaleurs Railway; that it was then understood that, unless further news was had of Messrs. Macdonald and Cameron, or if no arrangement was made with them within a few days, the Government would be disposed to deal with the new syndicate.

That, upon his return to Montreal, Mr. Armstrong received a telegram from Mr. Pacaud within the delay agreed upon, informing him that the Government, having received no news from Montreal, were free to treat with the new syndicate.

That in the interviews between Messrs. Pacaud and Armstrong, in answer to a question of Mr. Armstrong, Mr. Pacaud informed him that he would undertake to procure a settlement of the matter if Mr. Armstrong would give him \$100,000.

After the issuing of the letters of credit, the letter for \$75,000 was presented for discount to La Banque Nationale. Mr. Gaboury, president of this bank, swears as follows in answer to questions put to him:—

" Q. You are president of La Banque Nationale and live in Quebec ?

" A. Yes.

" Q. Your bank was requested to discount two letters of credit issued by the Government of Quebec, was it not ?

" A. Yes for \$75,000.

" Q. Were you not requested to discount \$100,000 ?

" A. We were requested to do so subsequently.

" Q. At what date were you requested to discount the \$75,000 letter of credit ?

" A. It was discounted on the 29th April, 1891. We must have been requested the day previous. I think that the cashier of the Union Bank came to our bank and proposed this. His name is Mr. Webb.

" Q. Tell us the conversation which took place between Mr. Webb and yourself on the 29th April. First, who came with him ?

" A. He was alone.

" Q. Now tell us the conversation.

" A. As well as I can remember he said he was offered a discount of two letters of credit, one for \$75,000 and the other for \$100,000, and he asked us if we would cash the \$75,000 and that he would do the other. After enquiry and consultation among our directors and lawyers we discounted on the 29th the letter of credit for \$75,000.

" Q. And the proceeds of this discount went to the credit of Mr. J. C. Langelier, *commissaire* ?

" A. Yes.

With respect to the use made of this \$75,000, forming part of the \$175,000 paid by the Government to Mr. Armstrong, Mr. J. C. Langelier in his sworn deposition says :—

" Q. Where did you sign the cheques that were drawn against the \$75,000 ?

" A. In the office of the Banque Nationale : I said so before.

" Q. Do you remember how many cheques there were ?

" A. I think there were four

" Q. Here they are referred to in exhibit 15. Give us the amount ?

" A. I cannot remember the amount.

" Q. Look at the exhibit ?

" A. I will look as you please, but I know nothing of it

" Q. There were three on the 28th April ?

" A. Yes.

" Q. You signed these in the office of la Banque Nationale ?

" A. Yes.

" Q. One was for \$31,751, and another for \$24,000, and another for \$16,000 ?

" A. Here is how it occurred. Mr. Armstrong came down and divided the amount according to what they needed. They fixed the amount of the cheques as they wanted them, and asked me to sign them. They had arranged that with the cashier of the Banque Nationale, Mr. Lafrance, who himself wrote the cheques.

" Q. You signed the cheques in la Banque Nationale for \$74,111.64 ?

" A. Yes, but not at that time. At that date it was \$71,000 and something.

" Q. Afterwards you signed a cheque for \$111.64 on the 1st May ?

" A. Yes.

" Q. And one for \$2,250 on the 1st July ?

" A. Yes ; there was a certain amount kept for interest, and then the \$2,250 was kept by the bank in case the letter of credit should not be paid on the date it was due.

" Q. You checked out the \$111.64, the balance of what the bank was willing to advance, at once ?

" A. Yes, Mr. Lafrance made all the calculations and he agreed with Messrs. Thom and Armstrong about all these details.

" Q. When you were there ?

" A. Yes, it was before me. They went there the evening before, and the arrangement was carried out the following morning. I am not sure, as I had no interest in it. I had Mr. Armstrong's receipt in my hand and I did not care about the rest, and they agreed about the details as they wished.

" Q. And Mr. Lafrance kept \$2,250 to cover the interest in case the letter of credit should not be paid ?

" A. Yes.

" Q. So these cheques which we have mentioned form the whole of the proceeds of the discount which had gone to your credit ?

" A. Yes "

The letter of \$100,000 hereinabove mentionned, was offered for discount to the Union Bank. Mr. E. E. Webb, the cashier of the said bank, swears as follows :—

Mr. Pacaud came to see me at the bank and asked me if we would entertain the discount of the letter of credit for \$175,000.

" Q. When was that ?

" A. About the end of April. We had several conversations about the letter of credit, and I told him that we would entertain it, and the matter was finally divided. I spoke to Mr. Gaboury of La Banque Nationale, and they had decided to take a portion of the letter, if satisfactory. The letter was finally divided into two, \$100,000 for discount at the Union Bank and \$75,000 at the Banque Nationale. After the letters were issued and the matter submitted to our board it was decided that we should not make the advances. It was considered not exactly a legitimate banking transaction. I advised Mr. Pacaud of this. * * *

" Q. What was the proposal made to you in regard to a series of entries to be made in your books ?

" A. Simply that he should have a portion of this money on deposit until the letter of credit was paid, as I have already said.

" Q. Was there any proposal made in regard to a series of entries to be made in your books which would not have been true entries ?

" A. Well, we considered that discounting the letter of credit without paying out the proceeds was not exactly a correct transaction."

" Mr. Barwick :—

" I will repeat my question again. Was there a proposal made in regard to a series of entries to be made in your books which would not have been true entries ?

" A. The proposition was to discount the letter of credit and to place it to the credit of Mr. J. C. Langelier, commissioner, to charge these cheques against it.

" Q. What cheques ?

" A. These five \$20,000 cheques against it.

" Q. As if they had been paid ?

" A. As if they had been paid ; and place a portion of it to Mr. Pacaud's credit.

" Q. Which he could draw at once ?

" A. Yes. And the balance to remain on deposit to be withdrawn after the letter of credit had been paid.

" Q. That is, Mr. Pacaud wanted you to give him \$40,000 immediately, and go through the form of giving him the balance, whereas in fact he would not have got this balance until that balance had been paid, when the letter of credit was cashed ?

" A. He would not have drawn the balance.

" Q. And to that proposition your bank would not lend itself ?

" A. No."

The evidence of Mr. J. Chrysostôme Langelier, Government Commissioner, and of Mr. N. Armstrong, shows that Mr. J. Chrysostôme Langelier went, some time about the end of April, to the office of Mr. Pacaud, in *L'Electeur* building, Lower Town, Quebec; that Mr. Armstrong met him there, that Mr. J. Chrysostôme Langelier made out a cheque for \$100,000 to the order of Mr. C. N. Armstrong. Mr. Armstrong and Mr. Pacaud went into an adjoining room, and on their return Mr. Armstrong asked the Government Commissioner to substitute five cheques of \$20,000 in lieu of the cheque of \$100,000, which Mr. J. Chrysostôme Langelier did, after having destroyed the cheque for \$100,000.

The following is to be found in the testimony of Mr. Armstrong :—

" Q. With whom did you go to Mr. Pacaud's office ?

" A. To the best of my memory I went alone.

" Q. Had you the cheques with you when you went there ?

" A. No.

" Q. Were the cheques endorsed ?

" A. I endorsed the cheques when I was there.

" Q. Did you have an appointment ?

" A. I don't think so.

" Q. What purpose did you go there for ?

" A. I don't know that I had any special purpose ; I often dropped into see him.

" Q. Did you go there for the purpose of endorsing the cheques ?

" A. No ; for my impression was that they would settle the matter of \$100,000 between themselves, and I was surprised when I was asked to endorse the cheques.

" Q. You understood that Mr. Chrysostôme Langelier would pay the money direct to Mr. Pacaud ?

" A. They had a letter of credit and I thought they would arrange it among themselves. I understood the money would be paid direct.

" Q. What did Mr. Langelier say to you when you went in ?

" A. I don't know. He handed me the cheques and said : " Here is the \$100,000," and Mr. Pacaud made me a sign to go into the back room.

" Q. Show me the sign he made.

" A. I did not carry the sign away with me. It might have been a beckoning with his finger or with his head; at all events I understood it was to go into the inner room.

" Q. You had been there before?

" A. Yes.

" Q. Mr. Langelier handed you the cheques and Mr. Pacaud gave you the sign and you walked into the inner office with Mr. Pacaud, you carrying the cheques in your hands?

" A. I do not know. I am under the impression that I did.

" Q. Did Mr. Pacaud receive these cheques from Mr. Langelier's hands or did you?

" A. I did. I am positive of this point, I went into the other room, endorsed the five cheques and handed them to Mr. Pacaud in the inner room.

" Q. Mr. J. C. Langelier remaining in the outer room all the time?

A. It was not very long.

" Q. Did you sign the receipt for \$175,000 in Mr. Pacaud's office?

" A. No, I signed it on the 25th in Mr. Langelier's office."

Questioned on the reason for his agreeing to give, out of the \$175,000, \$100,000 to Mr. Pacaud, Mr. Armstrong said:—

" Q. Why did you pay Mr. Pacaud \$100,000?

" A. Well, on the principle that half a loaf is better than no bread. In order to get a settlement so that I could get any thing at all out of the moneys I invested in these works I was obliged to treat with Mr. Pacaud.

" Q. Why were you obliged to treat with Mr. Pacaud?

" A. Well, he seemed to be the best person to deal with down there.

" Q. He was a go-between?

" A. Well, that is the best way to put it perhaps.

" Q. Had you used Mr. Pacaud before as an intermediary with the local government?

" A. Well, hardly as an intermediary; he had looked after the payment of some subsidies for me in connection with the same road.

" Q. How much had you to pay him on these subsidies?

" A. An ordinary commission amounting to 2½ per cent probably.

" Q. O how much did you pay Mr. Pacaud 2½ per cent?

" A. I do not remember the exact amount, I dare say that the commission paid amounted probably to \$15,000, stretched over two or three years time.

" Q. That was before the \$100,000 was paid?

A. It had nothing to do with the \$100,000.

" Q. So Mr. Pacaud has cost you \$115,000?

" A. Well, if you like to put it that way.

" Q. That is about it?

" A. That is about it."

This opinion of Mr. Armstrong seems to have been shared by Mr. John J. Macdonald, who, being heard as a witness, declares that while negotiating with respect to the same matter, he had figured from past experience, that he would require \$50,000 for Mr. Pacaud during the progress of the works, and that he considered Mr. Pacaud as a necessary agent in dealing with the government.

Witnesses show how Mr. Pacaud used part of the \$100,000 received from Mr. Armstrong under these circumstances.

On the 6th July Mr. Pacaud had to the credit of his account at the Union Bank the sum of \$1,550; on the 10th July he deposited three cheques of the government commissioner, Mr. J. Chrysostôme Langelier, to the order of Mr. C. N. Armstrong for \$20,000 each, making in all \$60,000. On the 11th July a note of \$3,000, to fall due on the 14th August, was paid—a note for which Mr. Pacaud and the Hon. Mr. Mercier and others were joint debtors to the Union Bank; an equal amount is carried to the debit side of Mr. Pacaud's account, balancing against the credit of the 6th July of \$1,550 and \$1,450 of the \$60,000 above mentioned. On the same day, 11th July, a note of \$5,000, to fall due on the 13th July, was paid, for which Mr. Pacaud and the Hon. Messrs. Mercier, Chas. Langelier and others were jointly liable to the Union Bank; an equal amount is debited to Mr. Pacaud's account against so much of the \$60,000 above mentioned. Mr. Webb says that apparently these two notes were paid by cheques of Mr. Pacaud drawn against his account current at the said bank.

On the 15th May, Mr. Pacaud discounted at La Banque Nationale a note signed by him and endorsed by Mr. P. Vallière for \$20,000, guaranteed by one of the five cheques of \$20,000 signed by Mr. J. Chrysostôme Langelier, Government Commissioner, and endorsed by Messrs. C. N. Armstrong and Philippe Vallière; the proceeds of this discount, \$19,732.60, were deposited to the credit of Mr. Pacaud's account, no other funds standing to the credit of this account; and on the same day, according to a promise made to the cashier of La Banque Nationale, when the above mentioned \$20,000 were discounted, Mr. Pacaud, by cheque drawn against his account, paid a note to fall due on the 18th May, amounting to \$5,000, for which he himself, the Hon. Messrs. Mercier, Charles Langelier and others were jointly liable to La Banque Nationale; the same day (15th May), Mr. Pacaud bought, by a cheque drawn against the same account, a bill of exchange on Paris, in favor of the Hon. Mr. Mercier, to the amount of \$5,000, which yielded 25,500 francs. This note of Mr. Pacaud's for \$20,000, out of the proceeds of which the two amounts of \$5,000 were taken, was paid for by the cheque of \$20,000, signed by the Government Commissioner, which was annexed to it.

As to the respective positions of the Government and the Baie des Chaleurs Railway Company, as originally formed or as re-organized, and of Mr. C. N. Armstrong at the moment this transaction took place, the investigation disclosed what follows:—

1. That the Government owed nothing to the original or re-organized company for subsidies earned.

2. That the company owed no money payments to its contractor, Mr. C. N. Armstrong. By his contract with it, Mr. Armstrong was entitled to \$20,000 per mile, payable, 1. by the subsidies earned; 2. by the debentures of the company as the balance of the stipulated price. He had a right, moreover, after full completion of the road, to receive one half of the shares of the company. All the subsidies earned having been received by Mr. Armstrong or paid on his account, there remained nothing due to him but the company's debentures. The company in settling Mr. Armstrong's account declined to state that the sum to which it amounted was "due;" it only signed an acknowledgment to the effect that the claim of \$298,943.62, "is a correct statement of estimates of work done and remaining unpaid," to show that this sum was not exigible in money.

3. That Mr. Armstrong so understood the situation, as he admitted in his evidence that the Government was not responsible to him; that if the Government had owed him anything he would not have consented to reduce his claim, and that in accepting in payment

of his claim reduced, \$175,000, subject to the condition of giving \$100,000 to Mr. Pacaud, he considered he had still made a good bargain.

I have not had, Sir, the intention to give, in what precedes, a complete resumé of the facts revealed at the investigation before the Committee of the Senate, charged with the examination of the bill promoted by the Baie des Chaleurs Railway Company in the Parliament of Canada. My only object was to point out some of the salient points of these revelations, which have caused me great alarm.

I bring particularly to your notice that the mode of raising funds by letters of credit, without the sanction of the representative of the Crown, is not recognized by law. By such means, in the present case, the Government drew the sum of \$175,000 out of the treasury without having recourse to the sanction of the Lieutenant-Governor as the law required. It must be observed that, in this case, no order in council was ever passed authorizing the treasurer of the province to withdraw any sum of money from the treasury. The Order in Council No. 237 is merely a conditional acceptance with amendments of the proposition made by Messrs. Thom and others, with the promise to pay eventually : 1. the balance of the subsidy voted by 45 Vict., ch. 23, and its amendments, and 51-52 Vic., ch. 91 ; 2, the subsidy granted for the bridge over the Grand Cascapedia ; 3, the subsidy of 800,000 acres of land converted into money, and to appoint a commissioner to effect, with the approval of Mr. Thom, or after judicial decision or award of arbitrators, the payment of certain debts of the railway.

I find that the mode of binding the finances of the Province by means of letters of credit without the sanction of the representative of the Crown, is prejudicial to the public credit. This seems to me to be quite evident from the steps which it was found necessary to take in order to make use of the letters of credit issued by the Government and the cheques given by its delegate. The Union Bank refused to discount the letter of credit for \$100,000, and only consented to hold it for collection. At La Banque du Peuple it became necessary to attach to the cheque of the government commissioner a note of Mr. Philippe Vallière, and to give through Hon. Mr. Langelier, a promise that a deposit of \$50,000 would be made out of the proceeds of the loan of \$10,000,00 (Dumoulin, witness), to obtain discount to the amount of \$20,000. At La Banque Notionale it became likewise necessary to attach to the cheque of the government commissioner a note of Mr. Ernest Pacaud, endorsed by Mr. Philippe Vallière, to obtain discount for another sum of \$20,000.

It would appear that the Government, when paying \$175,000 to Mr. Armstrong, made payment to a person to whom it owed nothing and to whom the Baie des Chaleurs Railway Company owed debentures only ; that in view of the evident intent of the Act 54 Vict., ch. 88, paragraph j., and of your declarations made to the House, the government, even with the consent of the company as re-organized, should not have paid Mr. Armstrong any part of the \$280,000 before the company had been entitled to them by works to be performed ; that the pretensions of Mr. Armstrong not coming within the category of the debts of which the statute authorized the settlement before the subsidy was earned through works done ; that when it paid Mr. Armstrong the sum of \$175,000, the Government paid it to the person against whom creditors of the class mentioned in the statute were to be protected ; and that at all events, the sum of \$100,000 which went to Mr. Pacaud, has deprived by so much the public enterprise of the subsidy granted it by a vote of the Legislature.

There would seem to exist between the government and the creditors of the Province a barrier at which tribute is levied before justice is done to claimants.

Under these circumstances, it becomes my duty :

1. To require explanations on this matter of the Baie des Chaleurs Railway.
2. To request your concurrence in the appointment of a Royal Commission consisting of three judges, authorized to hold an investigation, and to report upon the facts and circumstances which preceded, accompanied, induced and followed transactions entered into under the Act 54 Vict., ch. 88, in so far as it relates to the Baie des Chaleurs Railway Company.

I suggest that this commission be composed of the Hon. Mr. Louis A. Jetté, judge of the Superior Court ; Hon. Mr. Louis François George Baby, judge of the Court of Queen's Bench ; and the Hon. Mr. Charles Peers Davidson, judge of the Superior Court.

Until further orders I require you also to limit the action of the government to acts of urgent administration, and I revoke the appointment of the Deputy Lieutenant Governor, made under the Treasury Act, to sign warrants on the Consolidated Revenue Fund, under article 765 of the Revised Statutes of the Province of Quebec, and I pray you to give notice of such revocation to whom it may concern.

I have the honour to be, Sir,

Your obedient servant,

(Signed,) A. R. ANGERS.

Lieut-Governor

Reference :—

Record of the Department of Public Works and Railways.

Proceedings of the Committee of the Senate entrusted with the examination of the Bill presented to the Parliament of Canada by the Baie des Chaleurs Railway Company.

(Signed,) A. R. ANGERS,

Lieut.-Governor.

CABINET DU PREMIER MINISTRE,
PROVINCE DE QUÉBEC.

QUEBEC, Sept. 8, 1891.

HONOURABLE A. R. ANGERS,

*Lieutenant-Governor of the
Province of Quebec.*

May please Your Honour,

Your secretary, Mr. J. C. Tache, handed me this morning about 11 o'clock the document which you said, in your letter of Sept. 1 instant, you were engaged in writing to me. I had only just time to submit it to my colleagues and I will draw up my reply as soon as possible.

I have informed Mr. Gustave Grenier, the clerk of the Executive Council, that you were pleased to revoke the powers conferred upon him to sign warrants. Pray accept the assurance of the high consideration with which I have the honour to be,

Your Honour's most humble and obedient servant,

(Signed) HONORÉ MERCIER,

Prime Minister.

CABINET DU PREMIER MINISTRE,

PROVINCE DE QUÉBEC.

QUEBEC, Sept. 15.

HONOURABLE A. R. ANGERS,

Lieutenant-Governor of the

Province of Quebec.

SIR,

I have the honour to forward you, by my secretary, my reply to your letter of the 7th instant. I have to go to Montreal on Thursday, the 17th instant, to open the exhibition, and I would like to leave to-night or to-morrow for Montreal. However, I am at Your Honour's disposal, and I would be obliged if you could let me know during the course of the afternoon whether I can leave. I will return on Friday, the 18th inst, in the afternoon. Pray accept the assurance of the high consideration with which I have the honour to be,

Your obedient servant,

(Signed), HONORÉ MERCIER,

Prime Minister.

CABINET DU PREMIER MINISTRE,

PROVINCE DE QUÉBEC.

QUEBEC, September 15th, 1891.

May it please Your Honour,

On the 8th inst., I had the honour to acknowledge the receipt of your letter which I received at 11 o'clock in the morning and dated the day before, respecting the question of the Baie des Chaleurs Railway and to state that I would reply to it as soon as possible. This I hasten to do to-day. Your letter concludes as follows :

" Under these circumstances, it is my duty :

" 1. To require explanations on this matter of the Baie des Chaleurs Railway ;

" 2. To request your concurrence in the appointment a Royal Commission consisting of three judges authorized to hold an investigation and to report upon the facts and circumstances which preceded, accompanied, induced and followed the transactions entered into under the Act 54 Vict., chap. 88 in so far as it relates to the Baie des Chaleurs Railway company ;

" I suggest that this commission be composed of the Hon. Mr. Louis A. Jetté, judge of the Superior Court ; Hon. Mr. Louis François George Baby, judge of the Court of Queen's Bench ; and the Hon. Mr. Charles Peers Davidson, judge of the Superior Court.

" Until further orders I require you also to limit the action of the Government to acts of urgent administration, and I revoke the appointment of the Deputy Lieutenant Governor made under the Treasury Act, to sign warrants on the Consolidated Revenue Fund, under article 765 of the Revised Statutes of the Province of Quebec, and I pray you to give notice of such revocation to whom it may concern."

My colleagues and myself have decided to comply with Your Honour's request and limit our action, until further orders, to acts of urgent administration, and I have communicated Your Honour's order to Mr. Gustave Grenier, clerk of the Executive Council.

It only remains for me, therefore, in order to fully comply with Your Honour's desire ;

1. To give you the explanations you ask for with reference to the Baie des Chaleurs Railway.

2. To consider your suggestion with reference to the appointment of a Royal Commission.

I understand that Your Honour wishes to have the explanations before discussing the appointment of a Royal Commission, and I, therefore, purpose in this letter to confine myself to giving such explanations and afterwards, if you desire it, consider the second question.

I had called together the Council of Ministers on Wednesday, Sept. the 2nd instant, immediately after the vacation, in order to get the necessary explanations with reference to this matter of the Baie des Chaleurs Railway, which occurred during my absence, and my colleagues and myself had on that occasion decided to advise you to convene the Legislature within as short a delay as possible. The receipt of your confidential letter of the 1st Sept., instant, induced me to suspend all further steps until I had received the document which you mentioned in it.

The information received from my colleagues, and the facts stated in Your Honour's letter and before the Senate Investigation Committee, place me in a position, I think, to fully understand the whole transaction.

Of course, in speaking of the investigation by the Senate, I do so without admitting over the jurisdiction of that body in such matters or the justice of its proceedings ; for me it is a matter of public notoriety and nothing more. This is how I consider I should summarize the transaction.

The Railway Subsidies Act passed last session (54 Victoria, chapter 88) contains the following section :

j. To aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length, for the part not commenced, and that not finished, about 80 miles, going to

or near Gaspé Basin, a subsidy of 8000 acres of land per mile, not to exceed in all 800,000, payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works and to supply the rolling stock for the whole road and keep it in good working order, and also upon condition that the balance of the privileged debts due by the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant-Governor in Council.

Your Honour will please observe that there is no question here of an ordinary grant of so much per mile, payable by sections of 10 miles as the work is done, but of a special subsidy which is an exception to the general rule, and payable in one payment when the conditions mentioned are fulfilled to the satisfaction of the Lieutenant-Governor in Council.

This remark is sufficient for the present and we will see, further on, whether the payment was made according to the spirit and letter of the Statute.

Messrs. Robitaille, Riopel and others, shareholders and directors of the Baie des Chaleurs Railway Company, finding themselves unable to continue and finish the work of construction, notwithstanding the large amounts they had already received, made over their rights to certain persons who succeeded them, both as shareholders and as directors of the company. These persons are Messrs. James Cooper, Alexander Ewing, James Williamson and Angus M. Thom, of Montreal, and J. P. Dawes, of Lachine, who are known in the business world as wealthy capitalists, who are perfectly able to successfully carry out the undertaking in question.

Having settled with Mr. Robitaille and the others, the new shareholders handed over to the Government of the Province, after lengthy negotiations, the document bearing date April 17, 1891, which is reproduced at length in the Order in Council No. 237, of April 23, 1891, hereinafter cited and by which these conditions were accepted with some slight changes. The following is the next thereof :

Copy of a report of a committee of the Honourable the Executive Council, dated April 21, 1891, approved by the Lieutenant-Governor on April 23, 1891.

No. 237.

Concerning the Baie des Chaleurs Railway.

The Honourable the Commissioner of Public Works, in a report dated April 20th 1891, sets forth that he has received a letter from Mr. Angus M. Thom, of date April 17th inst. reading as follows :

QUEBEC. April 17, 1891.

TO HONOURABLE P. GARNEAU,

Commissioner of Public Works and Premier ad interim :

Sir,

We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway if the following proposition is accepted by the Government; the company, under the management of a new board of directors, will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31 December, 1892, from Metapedia to Paspébiac, and then to Gaspé Basin as soon as circumstances will permit. For the carrying out of the present proposition it is understood that the Government shall pay the company :

the balance of the subsidy granted by the Statutes of Quebec 45 Vic. chap., 24, and amendments, and 51-52 Vic. chap. 91, sec. 12, amounting to \$260,000, to be payable as

a subsidy of \$50,000 granted by the statute of the last session, 54 Vic. chap. 88 sec. 1, to be payable as soon as a bridge over the Grand Cascapedia is finished and completed by the Government.

To comply with the intention of the law, the subsidies of \$800,000 acres of land under the statute of last session, 54 Vic. chap. 88. sec. 1, sub-sec. J, shall be converted, and the proceeds thereof shall be used by the Government to pay the privileged claims, in accordance with the above cited act, now existing against the road or against the company, and if any surplus should exist after the payment by the Government of all claims existing against the said road, such surplus, if any, shall go to the new company on completion.

All debts and claims after they shall have been approved and certified by Mr. Thomson representing the company, shall be paid by a person appointed by the Government in this respect, and failing such approbation and such certificate by Mr. Thom, they shall be paid on a judgment or arbitrator's report in favor of any claimant. When the company appointed by the Government shall accept a claim and Mr. Thom refuses his approval and approbation, then in each case the claimant has an absolute right to an appeal, and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an arbitrator after 15 days' notice so to do, the commissioner may then pay the claim, and his decision shall be binding on all parties.

The company guarantee that they will go on with the works, build, complete and run the road, and the company will deposit with the Government bonds of the actual emission to the amount of one hundred thousand dollars (\$100,000), which shall be exchanged for an equal amount of another issue of same amount and value in case the company would deem proper to issue another issue of the present issue and replace it with others or other satisfactory security in lieu of the present issue, being distinctly understood that the company will be handed back the bonds and security so deposited on the completion and sufficient equipment of the road to

The board of directors of company under the new organization shall be composed as follows: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; Williamson, of Montreal; Angus M. Thom, of Montreal, and two other persons to be appointed by the Government.

For the sixty miles of the said road comprised between Metapedia and the big river, the company will resume the works as soon as they can take possession of that road on the forty miles ending at Paspebiac, surveys will be commenced as soon as the proposition is accepted, and the works will proceed with the utmost diligence. This proposition is respectfully submitted.

(Signed)

A. M. THOM.

Upon the said A. M. Thom, and the persons in the name of whom he acts and represents obtaining a transfer of the charter of the Baie des Chaleurs Railway, and that the persons mentioned in the propositions above cited have the necessary

means to carry out the enterprise, as required by the statute of last session, 54 Vic. chap. 88, section 1, sub-section J, and seeing that it is in the interest of the Province to accept it, the Honourable Commissioner of Public Works recommends that the said proposition be accepted as follows, that is to say :—

1. To re-organize the Baie des Chaleurs Railway Company.

2. To construct and put in operation on or before December 31, 1892, the one hundred miles of the said railway comprised between Metapedia and Paspebiac and the remainder as far as Gaspé Basin as soon as circumstances will permit.

3. To continue the works on the 60 miles comprised between Metapedia and the river Grand Cascapedia, as soon as the company shall be able to take possession of this part of the road, that is to say as soon as the claims which are not contested shall have been paid, which shall be done at the diligence of the Government between now and May 10 next at the latest, but without recourse against the Government in default of such diligence. To commence the explorations upon the 40 miles between the river Grand Cascapedia and Paspebiac as soon as the proposition shall be accepted, and push them on with the utmost dispatch.

4. That the first board of directors of the said company shall be composed of the following persons : James Cooper, of Montreal ; J. P. Dawes, of Lachine ; Alexander Ewing, of Montreal ; Angus M. Thom, of Montreal, James Williamson, of Montreal, and of two persons named by the Government.

5. To deposit as a guarantee in the hands of the Government \$500,000 of debentures or bonds of the company of the present issue, or any other satisfactory guarantee with the privilege of exchanging the said debentures or bonds for an equal amount of debentures or bonds of any other issue, not to exceed, however, the actual issue and of the same value, in case it shall be judged expedient to withdraw the present issue, which debentures or bonds or other guarantees shall be returned by the Government to the company as soon as the road shall have been finished to Paspebiac.

ON CONDITION :

1. That the balance, to wit, \$260,000, of the subsidies granted to the said railway by 45 Vic., chap. 23 and its amendments, and 51-52 Vic., chap. 91, sec. 12, shall be paid to the company in proportion as the same shall have been earned according to law.

2. That the subsidy (\$50,000) fifty thousand dollars, granted by the statute 54 Vic., chap. 88, sec. 1, sub-section I, shall be paid to the company as soon as the bridge over the river Grand Cascapedia shall have been constructed and accepted by the Lieutenant-Governor in Council, upon a report of the Government engineer.

3. That the Government binds itself to pay the company the subsidy of 800,000 acres of land granted by the statute 54 Vic., ch. 88, section 1, sub-section J, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway ; and the surplus, if any, shall be, after the payment of all claims actually existing against the company, kept by the Government, which shall render an account thereof to the company in final settlement.

That the said debts and claims, after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government, and in default of such approbation and such certificates, they shall be paid upon a judgment or report of arbitrators in favor of any claimant. In the case, of the commissioner named by the Government accepting a claim and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration, and the award of the arbitrators shall then declare that the costs shall be at the charge of the party who shall fail ; and in default of the said Thom naming an arbitrator

ys' notice so do, the commissioner may pay the claim to avail for all lawful and his action shall be binding upon all the parties,

" Certified.

" (Signed) GUSTAVE GRENIER,

" *Clerk of the Executive Council.*

Honour will please observe that by this Order in Council you declared that you lied that the persons in question possessed the necessary means for successfully ut the undertaking as required by the statute, that it was in the interest of the o accept their propositions; that this Order-in-Council says that the work on the etween Metapedia and Grand River Cascapedia shall be continued as soon as the as re-organized, shall have taken possession of that part of the road, that is to say the claims not contested shall have been paid at the diligence of the Government hat date and the 10th of May at the latest.

Honour will also please observe that the Order in Council accepts as sufficient for the performance of the work the deposit in the hands of the Government of f bonds or debentures of the company.

ly, Your Honour will please remark the distinction made in the Order in Council ne payment of the \$260,000 of subsidies granted by the Act 45 Vict., cap. 23 and cap. 91, as well as the \$50,000 (fifty thousand dollars) granted for the construction lge over Grand River Cascapedia by the Act 54 Vic., cap. 88 (which subsidies are only as they are earned by the carrying out of the works,) and the subsidy of res of land which is to be employed in paying the debts of the railway company, nment having to account to the company at the final settlement for the surplus er subsidy remaining after payment.

ifference between the first two subsidies and that of the 800,000 acres of land is evident; in the first two cases the subsidy is due only when it is earned, while e 800,000 acres has to be paid at once.

it me to lay special stress upon this point, which is of capital importance, for it oughly understanding it that we will be able to avoid misunderstandings calculated e to regrettable confusion.

Order in Council not only permits the immediate payment of the subsidy of 800,000 and to the amount of the debts, but compels the Government to account to the for the balance, if any, not when the work has been carefully performed, but debts are paid.

d not point out the difference which exists between the statute and the Order in or Your Honour no doubt observed it at the time. The statute speaks of the l debts and the Order in Council mentions the "actual debts" of the Company, ny distinction between those that are privileged and those that are not.

quite evident that those who drafted the Order in Council were of opinion, like our who approved it, that the statute was not limitative, and that, while exacting or the payment of the privileged debts, the statute also allowed the executive in ment which it might make, to impose the condition that the non-privileged debts aid.

The persons with whom the Government dealt could have refused this new condition but as it was in the interest of the Province, the Government did right in imposing it and from the moment those persons accepted it, the condition became executory.

Moreover it must not be forgotten that the statute does not speak of the Baie des Chaleurs Railway Company which remained, and still remains, liable for the payment of its debts, whether privileged or not. It speaks of "all persons" or "companies" with whom the Government might deal.

The transaction effected by the Government was not with persons forming a new company, but really with the original company reorganized, composed of new shareholders but legally bound to the payment of its debts.

The Order in Council, now in question, orders that the payment of such debts out of a subsidy of 800,000 acres of land, converted into money at the rate of 35 cents per acre, be made by a special commissioner to be appointed, and on the same day, April 23rd 1891, Your Honour signed the appointment of Mr. J. Chrysostôme Langelier for that purpose, that is to say "to pay," as the second order in council mentions "the claims against the Baie des Chaleurs Railway Company in conformity with the provisions of the order in council No. 237 of April 23, 1891."

The first Order in Council says: "That the said debts and claims, after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government, and, in default of such approval and such certificates, they shall be paid upon a judgment or report of arbitrators in favor of any claimant. In the case of the commissioner named by the Government accepting the claim, and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration, and the award of the arbitrators shall be final. If the arbitrators declare that the costs shall be at the charge of the party who shall fail, and in default of the said Thom naming an arbitrator after fifteen days' notice so to do, the commissioner may pay the claim to avail for all lawful purposes, and his action shall be binding upon the parties."

Thus in virtue of these two Orders in Council, Mr. J. C. Langelier became the trustee of both the parties interested, as such he received the money from the Government for the payment of the debts on the approbation of Mr. Thom, who gives such approbation in the name of the company after examining the account, and on the refusal of Mr. Thom to give such approbation or to appoint an arbitrator within a specified delay, Mr. Langelier pays on his own authority and his action binds all parties.

Let us observe that Mr. Langelier has not the right to refuse to pay a claim approved and certified by Mr. Thom to the amount, of course, of the appropriation voted, for the first Order in Council says that the debts shall be paid by a Commissioner appointed for that purpose from the moment they are approved by Mr. Thom.

All that has been said above may be summed up as follows: The Legislature votes a special appropriation and the Executive disposes of such appropriation within the limits of the statute. In the first place there is the legislative authorization to take the money from the public funds, then that of the Lieutenant-Governor in Council to effect the payment of it. Everything is complete, all that remains to be done is to carry it out and place the necessary moneys in the hands of the Commissioner.

The moneys are placed in the hands of the Commissioner who pays, as he is bound to do, all the claims approved by Mr. Thom, and, if I am well informed, all the private debts approved by the company, represented by Mr. Thom, which it has been possible to find out, such as workmen's wages, provisions, etc., have been paid.

Amongst the claims then existing against the company was that of Mr. C. N. Armstrong, the contractor of the road, which claim was established by the certificate of the company's engineer, Mr. Light, to be \$298,943.62 and accepted at that amount.

After negotiations between Messrs. Thom and Armstrong the latter agreed to reduce his claim of \$298,943.62 to \$175,000 in final settlement. Mr. Thom certifies this amount and the commissioner, Mr. Langelier, pays it as he was obliged to do under the Order in Council. Mr. Thom's consent to such payment is given in the following letter :

“ QUEBEC, April 24. 1891.

J. C. LANGELIER ESQ.,

“ Quebec.

Dear Sir,

“ In answer to yours of 23rd instant, transmitting for my approval the account of C. N. Armstrong, Esq., against the Baie des Chaleurs Railway Co., to the amount of \$298,943.62, I beg to state that I refuse to approve and certify that account for more than one hundred and seventy-five thousand dollars (\$175,000), and this on the express condition that Mr. Armstrong shall cancel and annul his contract with company and shall give full and absolute discharge of any claims whatever against the road or anything appertaining to it, directly or indirectly.

“ Yours very truly,

“ (Signed) A. M. THOM.”

What was Mr. Langelier to do under the circumstances in virtue of the two orders in Council above mentioned ? He found himself confronted by a claim of Mr. C. N. Armstrong, not against the Government, but against the Baie des Chaleurs Railway Company, a claim admitted by the latter in full, approved to the amount of \$175,000 by Mr. Thom, acting for the reorganized company. He had no alternative but to pay. This he did on receiving the following receipt :

“ I, Charles N. Armstrong, contractor for the construction of the Baie des Chaleurs Railway, do hereby grant a full and complete discharge and quittance to the Baie des Chaleurs Railway Company of all and every claim of whatsoever nature and kind which I have or may have against the said company, and I further agree to cancel and annul, and I do hereby cancel and annul the contract and agreement entered into with the said company on the ninth day of June, 1886, for the construction of the said Railway.

“ I hereby authorize the said company to take possession of the works on the said railway, and all materials provided for the construction of the line, together with all the rolling stock placed on the line in furtherance of the provisions of said contract, June 9, 1886.

“ And I further transfer, assign and make over to the said company all and every claim which I have or may have against Henry Macfarlane, or the insolvent estate of Henry Macfarlane and Son, and said company is hereby authorized to use name in enforcing or collecting such claim.

“ Signed at Quebec, this 28th day of April, 1891.

“ (Signed), C. N. ARMSTRONG.”

Such, Your Honor, is the whole of this matter of the Baie des Chaleurs Railway in so far as the Government is concerned. It is fully established by all that precedes that everything that has been done is legal, in conformity with the statute and the Orders in Council approved by you.

You were good enough to recommend M^r. Garneau (page 6 of your letter) to see that everything was done according to law and on the report of the Attorney General, and you add that M^r. Garneau told you that he would communicate with M^r. Robitoux who was at the time, that on April 23rd M^r. Garneau informed you that the Attorney General had reported to him that everything was according to law. M^r. Garneau, therefore, under your direction, took all the necessary precautions as to the legal side of the question.

I may add without fear of contradiction that the action of the Government, in this matter, is perfectly honourable and in the public interest.

Public interest required that this road be built within the shortest possible delay. Both the Federal and the Provincial Governments had admitted this by having considerable subsidies voted, which unfortunately have been expended without any very apparent results for the undertaking.

Whenever this question was discussed before the Legislative Assembly of Quebec, the members were unanimous in voting new appropriations, and in stating that the Province should make great sacrifices to assure the construction of the road, and the citations which Your Honour has been good enough to make in your letter of the words which I pronounced on the subject on various occasions, showed that I was but the interpreter of the wishes of all the members in recommending that further sacrifices be made for the object. This road runs through the whole of Gaspesia, an immense tract of country with a rich soil, splendid forests which are the property of the Province, and peopled by an intelligent and laborious population. Every one has long been convinced that this road starting from the Intercolonial at Metapedia and running as far as ocean navigation, would offer inappreciable commercial advantages not only to Gaspesia but also to the whole of Canada, while giving an immense additional value to the Crown Lands and developing colonization. Its rivers and its lake teeming with fish attract a host of wealthy people who pass the summer there and spend a considerable amount of money.

The construction of this railway which was so ardently desired had been arrested for two years by the impotency of the company and its notorious state of insolvency. And as its shareholders and directors refused to give up their charters to persons who were able to finish the work, the Government thought proper last session to get itself authorized to cancel the charter of this company, amongst others, if it were necessary.

I am convinced that if this power had not been given to the Executive by the Legislature of the Province, the old shareholders and directors would never have consented to make over their rights to M^r. Cooper and the others, and that they would have remained as permanent and insurmountable obstacles to the construction of the railway which was admitted to be in the public interest, and for which the Parliament of Canada and the Legislature of Quebec had already made such great sacrifices.

Fearing that their charter would be cancelled together with all the inevitable and legitimate consequences thereof, M^r. Robitaille and the others preferred to sell their rights to Messrs Cooper et al., who took their places both as shareholders and as directors of the company. It is with the latter that the Government has had dealings: it is by them that the work is actually being done, and it is thanks to them and to the action of your Government, that the construction of that railway is now assured.

Your Honour has but to glance at the annexed message from the company's engineer to see with what vigor and rapidity the work is being pushed on since Messrs. Cooper & Co. have been able to set to work, and this, notwithstanding the legal difficulties raised by Macfarlane, the sub-contractor, who has delayed them for several weeks, and also in spite of the proceedings of the Senate which have had the effect of causing a loss of valuable time for the chief parties interested, and of greatly hampering the progress of the undertaking.

I am further personally informed that the company employs 450 men in addition to its staff of engineers.

By the purchase of powerful lamps it has placed itself in a position to push on the work day and night. It has repaired the first 60 miles of the road and put them in running order.

The section extending from the 60th to the 80th mile is under construction, the work is far advanced and will certainly be finished this year unless there is exceptional weather which it is impossible to foresee. The rails for that section have arrived at Point Levis and are being shipped to the line.

Contracts have been made with the Dominion Bridge Company for all the metal bridges on the 20 miles, and they are being prepared.

Temporary bridges have been built everywhere, even on the Grand Cascapedia, until the metal bridges can be put up. The stone piers of the latter bridge are well advanced.

The company has deposited \$200,000 in the bank to pay the men and for the materials it may require, and it will carry out its contract in full.

This information is confirmed by a letter of Rev. Mr. Gagné, cure of Maria, which reads as follows :

QUEBEC, September 9th, 1891.

HONOURABLE HONORÉ MERCIER.

Prime Minister.

Sir,

I went to-day to your office to speak to you but I was unable to see you, as you were at the council. I have very good news to give you from our county. The crops are splendid. We have not had such good ones for many years. When I left Maria on August 24th, I was told that the work on the railway was being actively pushed on; that 400 or 500 men were at work. I saw the contractor, Mr. Hogan, who told me that the locomotive would run, this fall, to the end of the 20 miles under construction. I also heard that the labourers were paid regularly. I heard no complaints.....

I have the honor, &c.,

(Signed) J. GAGNÉ,

Priest.

As regards the probity of the transaction, in so far as the Government and the company are concerned, it is beyond question.

You have before you, to convince you of it, all the facts set forth in the records to which you refer, and you have, especially the evidence of Messrs. Cooper, Thom and Loneragan, who formally declare that everything was strictly done on a business basis only, and that there was no intermediary between the Government and the company.

Mr. Armstrong even declares that the Government effected the best possible transaction under the circumstances.

Mr. Cooper, the president of the company, says at page 195 of the Senate report on the investigation :

By the Hon. Mr. Langelier :—

" Q. During the negotiations which took place between your syndicate and the Government of the Province de Quebec, was it insinuated, or intimated, or hinted to you, directly or indirectly, that you should have Mr. Pacaud to approach the Government of Quebec?

" A. No.

" Q. Of what nature have been your negotiations or transactions with the Quebec Government in connection with this agreement? Was there any boodling, was there anything improper in these negotiations?

" A. I have no knowledge of it.

" Q. The whole thing then was conducted in a business-like manner, as between business men and business men?

" A. It was. The undertaking I had was that the road was to be delivered to the new syndicate free of debt or litigation, and that the new syndicate, which through my influence was organized, was to take up the road and build it. I had two objects; one was to secure a debt I was afraid I was going to lose, which amounted personally and through my connection with the firm of Cooper, Fairman & Co., to \$22,000. I saw it was going to be lost by litigation and wrecking, that the road had been left in a shape for a year and a half which was very bad, and the rolling stock which I had furnished to the road was lying exposed to all weathers, summer and winter, and I had paid my money for that stock, and never got a penny for it. I felt that litigation was going to ruin the whole chance of getting anything out of that debt. I urged to the best of my endeavours Mr. John J. McDonald to take it up. He was a friend of mine, and I begged and and beseeched him to organize a syndicate, and I got fairly disheartened when he told me he was going to England and would abandon the whole project. I said. If you go to England and leave the road in the shape it is I shall endeavor to reorganize a syndicate to take it over. I would never have taken that step except on these conditions if you had given me the road for a present. I would not be identified with all this scandal and disgrace, such as appears in the papers.

By Hon. Mr. Miller :—

" Q. What do you mean? Do you mean the Pacaud scandal?

" A. I mean that all this scandal is detrimental to my success in carrying the work through. The road is going to be short."

Mr. Thom, secretary and director of the company, says at page 180.

By the Hon. Mr. Langelier :—

" Q. At these several interviews which you had with the Government, was Mr. Pacaud's name or anybody else's name mentioned or hinted at by any member of the Government?

" A. I do not quite understand your question.

" Q. Was any name mentioned as being the name of a party to whom you should speak, or whom you should approach ?

" A. Never.

" Q. Your interviews, if I understand you rightly, were simply business interviews and solely with the Government, such as might take place between business men.

" A. Certainly.

" Q. Business men who want to do an honest transaction ?

" A. I think so.

" Q. When you settled with Mr. Armstrong, did Mr. Pacaud see you about the settlement ?

" A. No Sir.

" Q. Mr. Pacaud never saw you ; you were not asked by Mr. Pacaud to settle with Mr. Armstrong ?

" A. No ; during all the negotiations I do not think I saw him more than twice, once in New York and once in Quebec.

" Q. Did he make any propositions as to his getting something ?

" A. Not any.

" Q. He never spoke to you of that ?

" A. I spoke to Mr. Pacaud at various times after the business was concluded with the Government. During the progress with the negotiations I never had any interview with Mr. Pacaud."

This is what is stated by Mr. Lonergan, page 222 :—

By Hon. Mr. Langelier :—

" Q. You must have been aware of all the negotiations, which have been going on with the syndicate which took up the company and the Quebec Government ?

" A. My clients informed me so far as they might have thought it necessary to the advice I might give them.

" Q. Did it come to your knowledge that any improper transaction or proceedings were going on, or were to take place, between the Government of Quebec or any of its members and the syndicate ?

" A. Any knowledge of that kind which I have is derived from the proceedings of this committee.

" Q. You never heard of anything improper before ?

" A. No."

Finally, Mr. Armstrong says, page 221 :

By Hon. Mr. Langelier :—

" Q. Am I to understand that your claim of \$298,000 was a genuine claim or a bogus claim ?

" A. It was a perfectly genuine claim and, in fact, there were some items that I did not get into it.....

" Q. So that your claim was not a put up job, but a legitimate claim against the company ?

" A. Yes, and approved by every official of the company, and cannot be denied by anybody.

" Q. Had the Government any thing to do with the settlement of the claim ?

" A. Nothing, whatever, except the payment of the amount.

" Q. What you had to pay to Mr. Pacaud was not for settling a claim against the Government ?

" A. I had no claim against the Government at all.

" Q. What you did pay to Mr. Pacaud must have been paid to settle your claim with the new syndicate ?

" A. It was my claim against the company. The new syndicate did not exist.....

" Q. Do you think that the Government paid too much to the company for doing the work they have undertaken ?

" A. No, I think it was a perfectly good business arrangement.

" Q. Did any member of the Government, directly or indirectly, tell you or intimate to you, or hint to you, that you should apply to Mr. Pacaud to get a settlement of your claim ?

" A. I never had a word to say to any member of the Government.

" Q. You never saw any member of the Government with regard to the settlement of your claim ?

" A. Never.

" Q. The settlement took place entirely between you and the members of the Company as re-organized ?

" A. With Mr. Thom ; he was the party who acted for the syndicate."

It results from the above that the negotiations between the Government and the Company have been conducted in the most regular and honourable manner possible, on a business basis only, and that nothing has occurred which can, either directly or indirectly, give rise to suspicions as to the perfectly honourable character of the transaction as regards the Government and the Company.

Moreover it is quite evident that, without the Pacaud-Armstrong incident, no one would have dreamed of making the slightest insinuation against the transaction.

This Pacaud-Armstrong incident is very regrettable and it is my duty to condemn in the severest terms, the extraordinary bargain made between these two parties, and if my colleagues or myself had had any knowledge of it, all negotiations would have ceased. And it is doubtless because they were convinced of this that those gentlemen so carefully concealed their transaction and kept it entirely secret, when it would have been so easy for Mr. Armstrong to inform the ministers or some of them of the exaction of which he was the victim.

Your Honour sums up the evidence given before the Senate Committee with reference to the use made of a portion of the \$100,000 by Mr. Pacaud, and seems to think that the notes paid by Mr. Pacaud were those made by him, and endorsed by the Honourable Messrs. C. A. P. Pelletier, François Langelier, Charles Langelier and myself.

In this connection, it is important that Your Honour should not lose sight of the fact that, although the above mentioned persons were jointly and severally responsible for the payment of the notes, as endorsers, Mr. Pacaud was the sole promisor ; that the proceeds of these notes were not intended for personal purposes nor for purposes connected with the politics of the Province of Quebec ; but that, with the exception of one or two, the notes were to be used in making the necessary deposits for contestations of Federal elections, for counter-petitions and disbursements which might become necessary after the Dominion

general elections of March, 1891. As regards the proceeds of one or two of those notes which I have just excepted, they were disbursed to pay some expenses incurred during the said Federal elections, for the benefit of one of the political parties to which the persons whose names were on the notes belonged.

I had endorsed these various notes in blank when I started for Europe in the early part of last March, and had handed them to Senator Pelletier for the purposes above mentioned.

This is clearly shown by the evidence of Mr. Pelletier before the Senate Committee, pages 150, 151 and 152-

By the Hon. Mr. McInnis :—

“ Q. Had they anything to do with the Baie des Chaleurs Railway ?

“ A. Not in the least, I am willing to answer, however. I thought Mr. Barwick said this morning that the proceeds of these notes were used to pay the debts of Mr. Mercier, Mr. Langelier and myself.

“ *Mr. Barwick :—*

“ No ; I said the proceeds of the letter of credit were used to pay Mr. Mercier's debts and your personal obligations, being the obligations on that note.

“ *Hon. Mr. Pelletier :—*

“ The proceeds were not used to pay my personal debts. To show you that they had nothing to do with the elections, I will say that after the elections were over, it was expected that a good many elections would be contested and a good many counter contestations, and, of course, nearly all our friends, whether elected or defeated, were interested, but had not the means to fyle the deposits in the court or in the Treasury Department, as the law requires, of \$1000 in each case. As in many other cases, I endeavored to help my friends. It was a private matter, and Mr. Mercier, before leaving for Europe, expecting this would be required, left in my hands three, or I would not be sure that it was four notes, endorsed in blank, in case we would require money to help our friends make these deposits. I kept these notes until they were required, and these amounts were raised for a good many petitions and counter contestations. In the absence of Mr. Mercier we filled up these notes, endorsed them, and I never saw anything of them afterwards. They were placed in the banks and used for making these petitions and counter contestations in the courts.”

“ *By Hon. Mr. Miller :—*

“ Q. In whose hands did this money go ?

“ A. I never saw a dollar of it.

“ Q. Then, how do you know how it was used ?

“ A. My friends said they got it for this purpose, as far as I am able to say.

“ Q. You believe it was used for that purpose ?

“ A. I not only believe, I am positive.

" By Hon. Mr. Kaulbach :—

" Q. How were they paid?

" A. It was not expected they would have to be paid. We expected they would be renewed until the contestations were over.

" By Hon. Mr. McCallum :—

" Q. I think you said Mr. Mercier left these notes in blank, what are we to understand by that?

" A. I say he endorsed the notes in blank; the amount was not put on.

" Q. Mr. Pacaud's name was not on it, then?

" A. No. I had the blank endorsements; he left me the blanks endorsed and we filled up the notes afterwards. He simply left the blank paper with the endorsement on it.

" By Hon. Mr. Boulton :—

" Q. You say the amount was left blank?

" A. I say it was a blank paper on which Mr. Mercier had put his name as endorser in case we would want it."

At page 23 of your letter, Your Honour says :

" On the same day (May 15) Mr. Pacaud bought, by a cheque drawn against the same amount, a bill of exchange on Paris, in favor of Hon. Mr. Mercier to the amount of \$5,000.00, which yielded 25,500 francs."

The evidence of Mr. Lafrance, the cashier of La Banque Nationale at Quebec (page 77-78), established that these \$5,000.00 were taken out of the proceeds of a note of Mr. Pacaud's endorsed by Mr. Valliere and secured by one of the cheques which Your Honour mentions.

On the other hand, I am informed that this amount was raised by means of one of the blank forms signed by me which I had left with Senator Pelletier before my departure for Europe. I have not had an opportunity of ascertaining which of these two versions is the correct one.

But in any case I affirm that, being in Europe and finding that I wanted that amount, I asked for it, being convinced that it could be raised on one of the signed blank forms which I had left, and of course with the intention of paying myself the commercial paper employed to procure that amount for me, as it was for personal expenses.

I further affirm that when I asked for that sum, I was ignorant, and I remained ignorant long after, of the fact that that transaction of the Baie des Chaleurs Railway had been effected, and that I only heard, some time after my return to Canada from the report of the proceedings of the Senate published in the newspapers, that Mr. Pacaud had obtained a sum of \$100,000 or any other sum.

At page 15 of your letter Your Honour mentions a conversation which you had between April 23 and 26 last with Mr. Garneau, the acting Premier, in which he told you "that strong pressure was being brought to bear upon him; that he was required to do things which were repugnant to him, that threats were made to him of cabling to the Hon. Mr. Mercier, and he added that he was inclined to resign."

I asked Mr. Garneau, my colleague, for explanations on this point and he tells me that he thinks Your Honour gives his words pretty exactly, but that without explanation they might give rise to a different impression than that which he wished to convey. Mr. Garneau calls my attention to the fact that he was then acting Premier, acting Treasurer and Commissioner of Public Works; that consequently he had a three-fold responsibility, which

fatigued him all the more that he was then ill, and that on the whole he disliked to effect the transaction notwithstanding the strong pressure brought on him to finish it until he had obtained satisfactory security and the opinion of the Attorney-General, which moreover my colleagues exacted as well as himself; but that as soon as he had obtained the deposit of debentures to the amount of \$500,000 bearing first mortgage on the whole road, he felt more at his ease and thought the transaction could be effected without danger. Mr. Garneau even adds that he informed Your Honour of this at a subsequent interview.

Mr. Garneau especially desires it to be known that, in saying that strong pressure was being brought to bear on him, he did not wish it to be understood that it was unlawful or undue pressure; but that, having been engaged in negotiations for several days with the new syndicate without coming to any conclusion, he was at every moment threatened by Mr. Thom, who represented the syndicate, that the negotiations would be broken off and the matter entirely abandoned, all the more so that his colleagues in the ministry, who were convinced that the transaction was an advantageous one for Province, told him that it would not be wise to lose such an excellent opportunity of assuring the construction of the road within a short delay.

Moreover, this very frank communication made to you by the acting Premier is, it seems to me, the very best proof of the good faith and honesty with which he conducted and wished to complete all this transaction. Your Honour states so yourself in your letter that Mr. Garneau kept you posted as to everything he did almost daily, and seems to have consulted you whenever he was embarrassed. So much so that you deemed proper to re-assure him yourself, and to contribute towards doing away with his hesitations.

Your Honour, (at page 6 of your letter), gives the text of a despatch of the Attorney General, Mr. Robidoux, dated April 18, 1891, worded as follows:

HONOURABLE PIERRE GARNEAU,

Commissioner of Public Works,

Quebec.

I fear to be detained here by illness longer than I thought. You may proceed to business in my absence. I ratify in advance all you will do in the matter of the Baie des Chaleurs railway. Langelier will tell you exactly what was decided upon before the departure of Mr. Mercier. I am informed that any delay in this matter may be prejudicial to the interests of the enterprise and of the Province.

(Signed), J. E. ROBIDOUX.

Although I cannot see the bearing of this citation, I nevertheless, in my anxiety to give you every possible explanation, thought proper to ask Mr. Robidoux under what circumstances this despatch was sent, and his answer was that he was confined to his house by serious illness. During that illness, Hon. Mr. Garneau went on two different occasions to see him and consult with him on the principal matters then before the Cabinet. After conversing about the Baie des Chaleurs matter with Mr. Garneau and discussing all the points, Mr. Robidoux led Mr. Garneau to hope that he would be well enough to be present at the meeting of the Cabinet, which was to be held on the date of this telegram, April 17. On that day, Mr. Robidoux's health did not allow him to travel from Montreal to Quebec, so he sent the above telegram to Mr. Garneau. This telegram was the expression of the opinion of Mr. Robidoux, who, from the information he had derived either from me or

others of his colleagues, thought it was important that the matter be concluded at once to allow the reorganized company to commence work in the spring.

Before reaching the conclusions of your letter, which I cited at the beginning of this one, Your Honour makes the following remark :

" There would seem to exist, between the Government and the creditors of the Province, a barrier at which tribute is levied before justice is done to claimants."

I am quite sure that Your Honour has not made this assertion without weighing the whole extent of its bearing and, if you were convinced that such a barrier existed, it would be not only your right but even your duty to assist me in making it known, in having it removed and punishing those who might have set it up and made use of it for personal ends to the detriment of the public interest. As for me I need not tell you that I am ignorant of the existence of such a barrier.

At page 26 of your letter, Your Honor says :

" It would appear that the Government, when paying the \$175,000 to Mr. Armstrong made a payment to a person to whom it owed nothing and to whom the Baie des Chaleurs Railway Company owed debentures only ; that in view of the evident intent of the Act 51 Vic., chap. 88, paragraph j, and of your declarations made to the House, the Government even with the consent of the company as reorganised, should not have paid Mr. Armstrong any part of the \$280,000 before the company had been entitled to them by works to be performed, the pretensions of Mr. Armstrong not coming within the category of the debts of which the statute authorized the settlement before the subsidy was earned through work done ; that, when it paid Mr. Armstrong the sum of \$175,000 the Government paid it to the person against whom creditors of the class mentioned in the statute were to be protected ; and that, at all events, the sum of \$100,000, which went to Mr. Pacaud, has deprived, by so much, a public enterprise of the subsidy granted it by a vote of the Legislature. "

I have already shown that Mr. Armstrong's claim had been admitted by the company's engineer, Mr. Light, and approved by the former directors to the amount of \$298,943.62. I have also shown that Mr. Langelier, the Government commissioner, was obliged to pay all the claims made against the company and admitted by Mr. Thom as representing the latter, and that he had consented to the payment of the \$175,000, the reduced amount of Mr. Armstrong's claim, it was Mr. Langelier's duty to pay. It is not necessary that I should revert to these various points.

I wish to consider Your Honour's assertion under another aspect with the hope of getting you to admit the conclusions which I have already drawn in that respect.

The legitimacy of Mr. Armstrong's claim is established by the evidence of Mr. Light (page 105), and also by that of Mr. Armstrong (p. 217) and of Mr. Thom (pp 193 and 194.)

Let us first cite Mr. Light's evidence, the engineer of the Government and of the company. This is what he says (page 100).

" By Mr. Barwick :—

" Q I place in your hand exhibit 5, which is a statement of account between the Baie des Chaleurs Railway Company and Mr. Armstrong, with a certificate of balance coming to Mr. Armstrong in accordance with the terms of his contract. At the top of the exhibit

"are a series of figures apparently based upon certificates of A. L. Light; that is yourself?"

"A. Yes.

"Q. And this document originally concluded, you will see, by certifying that \$298,943.62 was due to Mr. Armstrong in accordance with the terms of the contract with the company. You notice the word "due" is struck out?"

"A. Yes.

"Q. You heard the explanation that that word was struck out by Mr. Riojel and that he wrote instead these words: 'Is a correct statement of estimate of work done and remaining unpaid?'"

"A. Yes."

It is not necessary to cite Mr. Thom's evidence, since, after examining Mr. Armstrong's claim, he admits it, but does not consent to pay it, unless it is reduced to \$175,000, as the whole has been shown above. But while admitting the legitimacy of Mr. Armstrong's claim in principle, Your Honour says that it is not exigible because it was payable only, when the work was completed, in debentures.

If I properly understand Your Honour's proposition it reduces itself to this: The Government paid the \$175,000 to Mr. Armstrong to whom it owed nothing and to whom the company owed only debentures after the execution of the work mentioned in his contract; that no portion of the \$280,000, representing the new subsidy of 800,000 acres of land, should consequently have been employed in paying that claim, which was not one of those to be paid out of that appropriation, and finally that the \$100,000 paid to Mr. Pacaud have deprived a public undertaking of so much of its subsidy.

Allow me to observe, in the first place, that the Government did not pay anything to Armstrong, had nothing to do with him, was never called upon to acknowledge his claim nor to discuss it, and Armstrong himself never claimed anything from the Government. All this is clearly shown by the citations I had the honour of giving above.

I admit that your Honour is right in saying that Armstrong's claim was not due and consequently not exigible because it was payable in debentures, when the works would be completed. They are the express conditions of the contract between the company and Armstrong. But this contract might have been changed between the contracting parties, providing it was done without defrauding the rights of third parties. Now, Messrs. Cooper, et al, becoming the shareholders and directors of the company and wishing to do the balance of the work themselves or to have it done under their direction, endeavored to settle with Armstrong who had a right, when the work was completed, to receive in debentures of the company bearing first mortgage (over and above the work he was to do later on) the sum of \$298,943.62. A settlement was all the more necessary between the company and Armstrong that the latter had possession of the road and would hand it over, only if he were satisfied, and, on the other hand, Messrs. Cooper, et al, could not go on with their work and touch the new subsidy unless they got possession of the road. It was then that the terms of the original contract were changed, that Mr. Armstrong gave up his contract, handed over the road, transferred all his rights to the company, and accepted \$175,000 in money in payment of the \$298,943.62 which would have been due him in debentures.

This transaction is a legal one; no one can complain of it and, from the moment it was made, Armstrong was entitled to a payment in money of \$175,000, and Mr. Thom having

certified Mr. Armstrong's account for that amount, Mr. Langelier, the Government Commissioner, had nothing to do but to pay, and this is what he did.

Your Honour's assertion that no part of the \$280,000 representing the new subsidy of 800,000 acres of land should consequently have been employed in paying this claim, which was not one of those to be paid out of this appropriation, does not seem to me to be exact in law, if you will allow me to say so with all the respect due to your opinion. In effect, I have shown it above. From the moment that the claim was admitted by the Company and that it was certified by Mr. Thom, it became due and exigible and it had, under the terms of the Order in Council No. 237 of April 23, 1891, to be paid by Mr. Langelier. It seems to me that I need not insist on this point; what precedes, as well as what has just been said, is sufficient.

Finally, Your Honour says that the sum of \$100,000 which went to Mr. Pacaud has deprived by so much a public enterprise of its subsidy.

The assertion would be perfectly exact if these \$100,000 had not been taken from the amount due by the company to Armstrong, and which the Government were obliged to pay, as has just been shown. But from the moment these \$100,000 are taken from the \$175,000 paid to Mr. Armstrong under the terms of the act and of the order in council, it is not exact to say that these \$100,000 deprive a public undertaking of so much of its grant. If Armstrong had kept these \$100,000 himself instead of giving them foolishly to Pacaud the position as regards the enterprise would have been the same.

Allow me, before passing to another subject, to remind you that there still remain \$310,000 of subsidies to pay to complete this undertaking; \$260,000 granted by the Statute of Quebec, 45 Vic. chap. 23 and its amendments, and 51-52 Vic. chap. 91 section 12, and the \$50,000 granted by the act 54 Vic. chap. 88, sec. 1, para. i, for the construction of the bridge over the Grand Cascapedia; this sum of \$310,000 is not to be paid until the work is done to the satisfaction of the Lieutenant-Governor in council.

The annexed official statement of Mr. Moreau, an employee of the railway office, shows that out of the subsidy of \$280,000 in question there remains in our hands \$86,039.17 which shall be paid according to statute and the order in council, by money warrants which Your Honour will be asked to sign from time to time.

At page 25 of your letter, Your Honour says :

" I find that the mode of binding the finances of the Province by means of letters of credit, without the sanction of the representative of the Crown, is prejudicial to the public credit.... .."

I am not prepared to entirely deny this assertion of Your Honour, and I think that the sooner it would be possible to give up this system the better it would be.

But we must not forget that it is rather difficult to call " letters of credit " the documents issued in the case we are now dealing with.

I have them both before me. They are dated April 28th, 1891, and signed by Mr. Garneau as acting Premier and Treasurer. One is addressed to the cashier of the Union Bank of Canada, Quebec, and the other to the cashier of La Banque Nationale, Quebec, and authorize those cashiers to advance to Mr. J. Chrysostôme Langelier, the commissioner appointed by order in council, No. 238 of April 23rd, 1891, the respective amounts of \$100,000 and \$75,000, under the authority of the order in council No. 237 of April 23rd, 1891, which sums shall be paid on or before July 10th, 1891, out of the subsidy voted by the Act 54 Vic., ch. 88, section 1, sub-section j, such payment being authorized by the said order in council, No. 237, of April 23rd, 1891.

Let us not discuss the theoretical question whether these are two letters of credit or not; let us be content with asking what is their practical meaning for any business man.

A statutory appropriation is voted for this undertaking of the Baie des Chaleurs Railway. It consists of land, and represents for the first 35 cents \$280,000 in money, which amount is payable on certain conditions to the satisfaction of the Lieutenant-Governor in council. By the order in council, No. 237, of April 23, 1891, signed by Your Honour, it is stated that these conditions are fulfilled and the debts of the company certified by Mr. Thom shall be paid out of this amount of \$280,000 by Mr. Langelier, the commissioner appointed for that purpose by the Government.

As I have already stated, if that money had been in the Treasury after Your Honour had signed that order in council, No. 237, the treasurer would only have had to ask for the necessary money warrants and they would have been issued. Now, as there was no money in the treasury at that moment, at least to meet this sum of \$280,000, and as it was difficult to get the bankers to come and he told: You may advance the sum, the payment of which is authorized both by law and by the Lieutenant-Governor in Council, Mr. Garneau gives these two papers, let them be called what you please, which had the effect of satisfying the bankers that on the tenth of July their advances would be repaid.

These advances, or at least the greater portion, were made, and on July 10th money warrants were issued in the usual manner and according to the treasury laws, by your deputy, Mr. Grenier, for the amount of \$175,000, and the writings were withdrawn.

After these facts, can it be claimed that this payment was effected without the sanction of the representative of the Crown? I do not think so. The representative of the Crown sanctioned the statute granting the appropriation, he sanctioned the order in council distributing the appropriation and, by his duly appointed deputy, issued the money warrants required to pay the \$175,000 on July 10th, last.

On the same page of your letter, Your Honour, to show the drawbacks of the system, says that, in order to obtain a certain amount upon one of these letters at La Banque du peuple it was necessary that Hon. Mr. Charles Langelier should promise that a deposit of \$50,000 would be made out of the proceeds of the loan of \$2,000,000 (Dumoulin, witness.)

I admit that Mr. Dumoulin's letter to Mr. Bousquet (page 41) justifies that assertion to a certain extent, but the remainder of his deposition completely overrules it. He says positively (pages 46 and 47) that he would have discounted the note without such promise, and even that the promise was made only after he had decided to give the discount. Let us read the questions and answers at page 47.

“ By Mr. Barwick :—

“ Q. I do not want to ask you many questions: tell us please what took place and what part Mr. Langelier took?

“ A. He did not take a great part I think; he made me a promise of the deposit of \$50,000. I asked him for that.

“ Q. If you put this transaction through?

“ A. No, I decided to advance the money, but I told him we were short of money, and as they were going to receive a large amount because they were making a loan, I would expect to have a deposit made in my branch of at least \$50,000, and upon that he gave me the promise to make such deposit. That decided me altogether to make the

" advance, but I believe it was not my principal reason; I would have made the loan on account of Mr. Vallière being one of our customers.

" Q. When Mr. Langelier gave you the promise, on your asking him, that the Government would deposit \$50,000, and you decided to let the loan go through?

" A. That was one of the reasons, but I declare I would have discounted the note all the same, Mr. Vallière being one of our customers. But I was glad to be able to announce to our cashier that were going to receive such deposit. I was working in a business way."

Thus Mr. Dumoulin himself says that he would have made the loan on the intrinsic value of the papers submitted for discount without the promise of the deposit.

But on this point again and notwithstanding the correction made by him in his evidence about his letter to Mr. Bousquet, I am obliged to inform Your Honour that no such promise was ever made. Mr. Charles Langelier had already denied it in the newspapers and I append to this letter a copy of his solemn declaration and of that of Mr. Philippe Vallière categorically denying such promise. Mr. Vallière especially affirms that he went alone to the bank with Mr. Pacaud and that Mr. Langelier only happened to be there by accident, that Mr. Langelier never promised to obtain a deposit of \$50,000 to induce the cashier to discount the aforesaid check of \$20,000, but that when Mr. Dumoulin asked him to use his influence to get him a deposit, Mr. Langelier did not promise anything and merely said that he would do his best.

I beg Your Honour's pardon for being so lengthy in my reply, but it seems to me that I should, as far as possible, leave no point raised by Your Honour in your important document without as full a reply as possible. I think I have succeeded, but if Your Honour were of opinion that there remain any blanks to be filled or any points to be cleared, I beg you will let me know and I will hasten to comply with your desire.

I have explained and justified the acts of my Government with reference to the Baie des Chaleurs matter which were done in my absence. I flatter myself that Your Honour will be satisfied both with the explanations and the justification, and I hold myself completely at your disposal for any other communication you may deem advisable to make to me, and especially to discuss the mode of an investigation with reference to this transaction and the advisability of extending the enquiry to the employment of all subsidies granted to this railway company since it came into existence.

Pray accept the assurance of the high consideration with which I have the honour to be your most humble and obedient servant.

(Signed) HONORÉ MERCIER,

Prime Minister.

HON. AUGUSTE REAL ANGERS,

Lieutenant-Governor of the Province of Quebec,

Quebec.

I, Charles Langelier, of the city of Quebec, advocate, and Provincial Secretary of the Province of Quebec, do solemnly declare:

1. That on the occasion when Messrs. P. Vallière and Ernest Pacaud went to the branch of the Banque du Peuple in St. Peter street, of this city, to get a cheque of \$20,000.00 of Mr. J. Chrysostôme Langelier, in his quality of Government Commissioner, discounted, I happened to be at the bank accidentally.

2. That I had nothing to do, either directly or indirectly, with the discounting of the aforesaid cheque of \$20,000.00 and that I was not solicited by any one to assist in getting it discounted.

3. That on that occasion, Mr. P. B. Dumoulin again asked me, what he had already frequently asked me to do, viz: to get a government deposit for the branch of which he is cashier and I would not bind myself to anything, telling him then and there that I would willingly do my best, but that these deposits rested within the treasurer, Hon. J. Shehyn; that no promise was made by me in that respect.

4. That I never made, either by my own hands or otherwise the deposit of \$3,000, mentioned in the deposition of Mr. P. B. Dumoulin before the committee of the Senate, if he ever did make such a statement, as mentioned in the newspapers, for I declare that I have not read his deposition in the official report.

And I make this solemn declaration, conscientiously believing the same to be true, and in virtue of the act respecting extra-judicial oaths.

(Signed), CHS. LANGELIER.

Taken and acknowledged before me, }
at Quebec, this 10th day of Sep- }
tember 1891.

(Signed), ALEXANDRE CHAUVEAU,
J. S. P.

I, Philippe Vallière, of the City of Quebec, manufacturer, do solemnly declare:

That on the occasion when I went to the Banque du Peuple, in St. Peter-street, Quebec, in company with Mr. Ernest Pacaud, to get a check of \$20,000 of Mr. J. Chrysostôme Langelier, in his quality of Government commissioner, discounted, I met there Hon. Chs. Langelier who happened to be there by accident.

That the said Hon. Chs. Langelier had nothing to do, either directly or indirectly, with the discounting of the said check.

That the said Hon. Chs. Langelier never promised to obtain a deposit of \$50,000 nor any other amount for the Banque du Peuple to induce the cashier to discount the aforesaid check of \$20,000.

That I recollect that, on that occasion, Mr. P. B. Dumoulin asked the Hon. Chs. Langelier to exert his influence with the Government to obtain a deposit for his branch of the bank, but that the Hon. Chs. Langelier would not promise anything. He merely said that he would do his best, but he did not bind himself to anything.

And I make this solemn declaration, conscientiously believing the same to be true and in virtue of the act respecting extra-judicial oaths.

(Signed) P. VALLIERE.

Taken and acknowledged before me, }
at Quebec, this 10th September, }
1891.

(Signed) ALEXANDRE CHAUVEAU,
J. S. P.

TELEGRAPH.

MONTREAL, September 15th 1891.

HON. HONORE MERCIER,
Quebec.

Leduc, Engineer, telegraphs : Grading first 15 miles for track-laying purposes very forward, cutting and embankments left narrow to finish by train, works well manned, last five miles very light work not touched, principally because contractor wanted to allow farmers time to remove crops, and with sufficient force that light grading would only take a few days. Masonry foundation and trestling at Grand Cascapedia expect finish in five weeks providing fair weather. Twenty miles rails landed at Levis. Contractor says will do all in his power while weather is favorable but would not promise to work a day after regular winter weather sets in; approximate force this day, five hundred men, over hundred and fifty horses.

(Signed) JAMES COOPER.

Amount of the grant	\$ 280,000 00
Amount paid on account by Mr. J. C. Langelier, Commissioner, to :	
1. Mr. C. N. Armstrong.....	\$ 175,000 00
2. To pay privileged debts.....	41,500 00
Mr. Langelier had still in hand, on July 11, a balance to be expended of.....	22,539 17
There remains still available in the Treasury a balance of.....	63,500 00 63,500 00
Total.....	\$ 280,000 00
Balance to be employed.....	\$ 86,039 17

Quebec, Sept. 14, 1891.

(Signed) E. MOREAU,

Director of Railways.

GOVERNMENT HOUSE,

QUEBEC, September 15, 1891.

HONOURABLE MR. HONORÉ MERCIER,

Prime Minister of Quebec.

Sir,

I have the honour to acknowledge the receipt of your letter of to-day with the explanations which I asked for in mine of September 7th instant, with reference to the Baie des Chaleurs Railway matter.

My letter of the 7th instant asked you for two things. 1st explanations, and 2ndly your concurrence in the appointment of a Royal Commission composed of three judges with in-

instructions to investigate and report upon the fact and circumstances which preceded, accompanied, gave rise to, and followed the transactions under the Act 54 Vict., ch. 88, in so far as it affects the Baie des Chaleurs Railway Company.

You say in your letter of to-day :

"I understand that Your Honour wishes to have the explanations before discussing the appointment of a Royal Commission, and I therefore purpose in this letter to confine myself to giving such explanations and afterwards, if you desire it, consider the second question."

I have considered your explanations, and I have to inform you that they are not of a nature to dispense you from the immediate consideration of the appointment of the Royal Commission required by my letter of the 7th instant. I reserve the right to reply in due time to the explanatory memorandum which you sent me to-day.

I have the honour to be, Sir,

Your obedient servant,

(Signed), A. R. ANGERS,
Lieutenant-Governor.

CABINET DU PREMIER MINISTRE,
PROVINCE DE QUÉBEC.

QUEBEC, Sept. 15, 1891.

HONOURABLE AUGUSTE REAL ANGERS,

Lieutenant-Governor of the Province of Quebec.

I say it please Your Honour,

Your secretary, Mr. Taché, handed me this afternoon at 4.07 p. m. your letter of this day in answer to mine, in which you say :

"I have considered your explanations, and I have to inform you that they are not of a nature to dispense you from the immediate consideration of the appointment of the Royal Commission required by my letter of Sept. 7 instant."

I thought and I still think that an inquiry by a committee of the Legislative Assembly would give better guarantees and occasion less inconvenience than that made by a Royal Commission. The costs of a Royal Commission are always heavy, and its labors may be arrested by a proceeding before the courts of justice, as has happened quite recently. We must also consider the inconvenience which would be occasioned by employing judges out of the courts, when the bar and the public have been long and continually complaining of the delays in the administration of justice.

Your Honour will allow me to remind you, moreover, of what you have yourself no doubt thought of, viz, that, under section 86 of the British North America Act, 1867, the Legislature has to be summoned before Dec. 30 next, in order that an interval of 12 months may not elapse between the last sitting of the last session of the Legislature and the first sitting of the following one, and that it would perhaps be difficult to finish the enquiry in time.

Nevertheless, my colleagues and myself are so desirous of meeting Your Honour's views and having a full and complete enquiry made into all the facts connected with this transaction of the Baie des Chaleurs Railway, that we are prepared to consent to the appointment of a royal commission, since Your Honor states that my explanations are not of a nature "to dispense me from the immediate consideration of appointment of the royal commission required by your letter of the 7th inst.," with this reservation, however, that I wish to retain my undoubted right to advise you as regards the composition of that court, while giving to your suggestions, in that respect, all the consideration they deserve.

I am in the Council Chamber with most of my colleagues awaiting any communication Your Honour may be pleased to send me.

Pray accept the assurance of the high consideration with which I have the honour to be,

Your most obedient servant,

(Signed) HONORÉ MERCIER,

Prime Minister.

GOVERNMENT HOUSE,

QUEBEC, September, 16th, 1891.

HON HONORÉ MERCIER,

Prime Minister, Quebec.

Sir,

I have the honour to acknowledge the receipt of your second letter of yesterday, the 15th September instant, which reached me at 5.30 p. m., in answer to the communication which my secretary handed you about 4 o'clock the same day.

I notice with satisfaction that you renounce the project of having an inquiry made by a committee of the Legislative Assembly into the matter of the Baie des Chaleurs Railway, and that you acquiesce in my request to concur in the appointment of a Royal Commission composed of three judges, with instructions to investigate and report upon the facts and circumstances which have preceded, accompanied, given rise to and followed the transactions, under the Act 54 Vic., ch. 88, in so far as it affects the Baie des Chaleurs Railway Company.

I proposed to you as members of such commission, the Honorable Justice Jetté, Baby and Davidson. I beg you to let me know whether you have valid reasons of recusation against any one of those gentlemen.

I have the honour to be, Sir,

Your obedient servant,

(Signed.) A. R. ANGERS

Lieutenant-Governor.

CABINET DU PREMIER MINISTRE.

PROVINCE DE QUÉBEC.

QUEBEC, September 16, 1891.

HONORABLE AUGUSTE RÉAL ANGERS,

Lieutenant-Governor of the Province of Quebec.

May it please Your Honour,

Mr. Taché handed me this morning at about 10 o'clock your letter of this day in answer to my last communication of yesterday. Your Honour says that I have acquiesced in your request to concur in the appointment of a royal commission composed of three judges, etc. Permit me to say that there is an error in this. I consented to the appointment of a royal Commission, and I still consent to it, but I did not admit that it was necessary that it should consist of three judges. On the contrary, I am of opinion that it would be better to have it consist of only one judge, as in the case of the enquiry into the circumstances connected with the sale of the North Shore Railway. In that case a very serious matter had to be investigated, which had greatly agitated and excited public opinion during many years. The facts to be ascertained were numerous and complicated; books of account had to be examined and difficult book-keeping to be studied; and yet the Ross Government was satisfied with one commissioner, Honorable Mr. Justice Routhier.

Moreover, as I had the honour to write to you yesterday, the administration of justice would greatly suffer by the absence for some time of three judges. A very serious incident which happened only yesterday at the Court of Appeals in Montreal, establishes the exactness of my remark. That court had to adjourn for want of a quorum.

I am therefore of opinion that only one judge should be appointed.

In my communication of yesterday, I had the honour of stating that I wished to retain my undoubted right to advise Your Honour as to the composition of that court, while giving to your suggestions, in that respect, all the consideration they deserve, and your Honour replies by asking me to let you know whether I have any valid reasons of recusation against any of the Honorable Justices Jetté, Baby and Davidson, whose names you suggested in your letter of the 7th instant.

Permit me to say to Your Honour that, with all the respect I have for you, I understand that my duty imposes upon me the obligation of offering you my advice on this occasion, and that it is for Your Honour to make known to me *the valid reasons of recusation* which you might have against the judge or judges whom I might propose.

In claiming the exercise of this right, I rely upon the constitutional authorities and precedents, which authorities and precedents cannot leave a doubt in the mind of anyone whomsoever. I will merely, for the moment, recall one of these precedents: that occasioned by what was called "the Pacific scandal."

Very serious charges had been brought before the House of Commons, by one of its members, against the Dominion ministers, and documents supposed to bear the signature of some of those ministers had been produced in support of these charges. Sir John Macdonald thought proper to submit these charges to a parliamentary committee of inquiry

appointed by the House of Commons, where he had a majority ; but the proceedings of this committee were arrested by the disallowance of the act which gave it power to swear witnesses. Sir John advised Lord Dufferin, the Governor-General of Canada, to constitute the members of that committee a royal commission, and on June 28, 1873, the latter stated that he was prepared to accept the advice of his prime minister in the following words :

“ On the part of the Crown I should have no objection to the offer of the commission, as you proposed and I think you may with perfect propriety act upon the presumption that the members of the committee will accept the charge confided to them.”

On July 2, 1873, Sir John communicated his decision to the chairman of the committee, but, Messrs. Dorion and Blake having refused to hold an inquiry outside of a committee of the House of Commons and to form part of the proposed commission, the Governor General was advised by the Cabinet to appoint as commissioners Messrs. Day, Pollette and Gowan, which was done by order in council.

The words pronounced by Lord Dufferin in answer to a memorial from a certain number of members of the House of Commons give great force to this precedent, and clearly explain the constitutional theory in this respect, as understood and practised by statesmen in England.

The question was to know whether the Governor General would refuse to prorogue Parliament on the advice of his ministers, who were then under a very serious accusation. Lord Dufferin then said :—

“ You then proceed to urge me, on grounds which are very fairly and forcibly stated, to decline the advice which has been unanimously tendered to me by my responsible Ministers and to refuse to prorogue Parliament ; in other words you require me to dismiss them from my counsels ; for, gentlemen, you must be aware that this would be the necessary result of my assenting to your recommendation.

“ Upon what grounds would I be justified in taking so grave a step ? What guarantee can you afford me that the Parliament of the Dominion would endorse such an act of personal interference on my part ? You, yourselves, gentlemen, do not form the majority of the House of Commons, and I have no means, therefore, of ascertaining that the majority of that body subscribe to the opinion you have announced. Again, to what should I have to appeal in justification of my conduct ?

“ It is true grave charges have been preferred against these gentlemen ; charges which I admit require the most searching investigation ; but, as you, yourselves, remark in your memorandum, the truth of these accusations still remains untested..... Is the Governor General, upon the strength of such evidence as this, to drive from his presence gentlemen who for years have filled the highest offices of State, and in whom during the recent session, Parliament has repeatedly declared its continued confidence ?

“ It is true, certain documents have lately appeared in connection with these matters of grave significance, in regard to which the fullest explanation must be given, but no proof has yet been adduced which necessarily connects them with the culpable transactions of which it is asserted they formed a part, however questionable they may appear, as placed in juxtaposition with the correspondence to which they have been appended by the person who has possessed himself of them. Under those circumstances, what right has the Governor General, on his personal responsibility, to proclaim to Canada,—nay, not only to Canada, but to America and Europe, as such a proceeding on his part must necessarily do,—that he believes his ministers guilty of the crimes alleged against them ? Were it possible at the present time to make a call of the House, and place myself in direct communication with the parliament of the Dominion my present embarrassment would disappear, but this is a physical impossibility. (p. 32.)

"Gentlemen, the situation we have been discussing is one of great anxiety and embarrassment, but I cannot but hope that on a calm retrospect of the various considerations to be kept in view, you will come to the conclusion that in determining to be guided by the advice of my ministers on the present occasion, in other words, in declining to act as though the charges which have been advanced against them were already proven, I have adopted the course most in accordance with the maxims of constitutional government, and with what is due to those whom the parliament of Canada has recommended to my confidence." (33.)

I take these quotations from the memorandum which Lord Dufferin sent to the Imperial Government on August 15th, 1873, cited in the 7th volume of the Commons Journals on the pages mentioned.

Permit me to add that, as regards the position of both Governments, there is not the slightest similarity between the case I have just cited and that of your advisers. In 1873 the ministers were accused by a member of the House of Commons, in parliamentary form, of having sold a public contract in order to procure money to bribe the people at the general elections. The member who denounced them, a man of importance in Canadian politics, resigned his seat and supported his accusation with documents, some of which bore the signatures of some of the ministers.

In this case, no direct charge has been made against your advisers by any responsible person.

Therefore, in the exercise of what I consider to be my right, I take the liberty of immediately proposing to Your Honour the Honourable Sir Francis Johnson, Chief Justice of the Superior Court, as the sole commissioner.

Sir Francis is a distinguished jurisconsult, has been a judge for many years, has never taken part in political contests and consequently offers every required guarantee of impartiality and knowledge, and his appointment will, I am convinced, satisfy public opinion.

In conclusion, allow me to remind Your Honour of what I said in my first communication of yesterday.

"I hold myself completely at your disposal for any other communication you may desire to make to me and especially to discuss the mode of an investigation with reference to this transaction and the advisability of extending the enquiry to the employment of all subsidies granted to this railway company since it came into existence."

This company was incorporated by the Legislature of the Province of Quebec which granted and paid to it very large subsidies. Public opinion will not be thoroughly satisfied until everything connected with the use made of every subsidy it has received has been ascertained.

As I had the honour of saying to you yesterday, I must be in Montreal to-morrow to open the Provincial Exhibition. I presume that you have no objection to my leaving to-night by the 10 o'clock train to return only on Friday afternoon. Will Your Honour be good enough to tell my secretary whether I can leave to-night.

Pray accept the assurance of the high consideration with which I have the honour to be,

Your obedient servant,

(Signed) HONORÉ MERCIER,

Prime Minister.

— —

GOVERNMENT HOUSE,

QUEBEC, Sept. 16, 1891.

HONOURABLE HONORÉ MEROER,

Prime Minister of Quebec.

Sir,

In view the appointment of a Royal Commission, with instructions to enquire and report on the Baie des Chaleurs Railway matter, I deemed it advisable to suspend the appreciation of the explanations which I received from you yesterday, September 15th, as such inquiry would throw more light on the subject. However, I must at once take up certain points of law and of fact contained in your memorandum, amongst many others.

You say that I acquiesced in the Order in council, No. 237, the terms of which differ from the Act 54 Vic. Chap. 88, which ordered that the privileged debts of the Baie des Chaleurs Railway Company be paid out of the subsidy of 800,000 acres of land converted into money. It is impossible that you can have thought, I hope, thereby to relieve the ministerial responsibility of the Government. Every act of the Crown done on the advice of its ministers is covered by their responsibility; this is a principle of constitutional law of which no one can be ignorant under the system of responsible Government.

You allege that the terms of the Order in Council No. 237 differ from the Act 54 Vict. chap. 88, sec. 1, par. j. To justify a payment not authorized by law, it cannot be maintained that the Government has the power to amend an Act by an Order in Council.

If the Government intentionally submitted, for the approval of the representative of the Crown, this Order in Council, with the ministerial advice that it be signed and the assurance that everything was according to law, might not one believe that the Government, with premeditated intention, drew up its report so as to pay a creditor to whom the law gave no claim?

The assurance that Order in Council No 237 was in accordance with the act 54 Vict. chap. 88, and had in view only the payment of the privileged claims of the Baie des Chaleurs Railway was given to me by the Honourable Mr. Garneau, and this is shown by the instructions the latter promised me he would send, and which he did send, to Mr. J. Chrysostôme Langelier, the Government Commissioner. These instructions, quoted in my first letter, clearly show the representations made to me by Mr. Garneau, when he advised me to sanction that Order in Council.

At page 43 of your memorandum you say that Mr. Garneau admits having had the conversation with me which I related with reference to the strong pressure on him and about the fact that it was sought to make him do things which he objected to. But I notice with surprise in your memorandum that the Honourable Mr. Garneau endeavours to give quite a different meaning to the conversation from what it really had, by giving it to be understood that he, Mr. Garneau, was then alluding to the fact that, being at the same time Commissioner of Public Works and Railways, acting Treasurer, and also acting Premier, he had a treble responsibility which fatigued him all the more that he was ill and disliked to effect the transaction, notwithstanding the strong pressure brought on him to finish it, until he had obtained satisfactory security and the opinion of the Attorney General.

At the time of the interview, when the conversation above mentioned took place, Mr. Garneau had the opinion of the Attorney General, although it had not been fairly written out. There was no question whatever of the multiplicity of Mr. Garneau's occupations nor of the state of his health; none of these things would have justified the words he made use of to me, viz: "that it was sought to make him do things that he objected to, and that threats were made of cabling to Mr. Mercier." Mr. Garneau then certainly alluded to unlawful and undue pressure, since I advised him to resist and to act in conformity with the law. Neither his words nor mine would have had any appropriate meaning, if there had been no question of unlawful and undue pressure.

In quoting that portion of my first letter, where I say that there would seem to exist between the Government and the creditors of the Province a barrier where tribute is levied before justice is done to claimants, you ask me to make such barrier known to you.

In that passage of my letter I alluded to certain declarations made by Messrs. C. N. Armstrong and J. J. Macdonald, which I will repeat for your information. Mr. C. N. Armstrong has sworn that, in order to obtain the payment of the sum of \$175,000 from the Government, he was obliged to pay \$100,000 out of it to Mr. Pacaud, to whom he had previously paid another sum of \$15,000 in order to get from the Government some subsidies which were due to him. Mr. J. J. Macdonald has sworn that, in his calculation with reference to the cost of completing the Baie des Chaleurs Railway, while he was in negotiation with the Government, he had, considering his past experience, to put in \$50,000, which he would have to pay Mr. Pacaud during the course of the work, and, moreover, that he considered the latter a necessary agent with the Government.

In conclusion, I wish to add that I do not give up any of the points raised in my letter of the 7th instant, and that I do not admit any of the propositions set forth in your memorandum of September 15th instant.

I have the honour to be, Sir.

Your obedient servant,

(Signed) A. R. ANGERS,
Lieutenant Governor.

CABINET DU PREMIER MINISTRE

PROVINCE DE QUEBEC.

QUEBEC, September 17th 1891.

HONOURABLE AUGUSTE REAL ANGERS,

Lieutenant Governor of the Province of Quebec.

May it please Your Honour,

I see by the official report of the proceedings before the Senate of Canada that on Friday the 11th inst, Hon. Mr. Bolduc called the attention of the Government to certain rumours current in Quebec with reference to a ministerial crisis and asked the Prime Minister (Hon. Mr. Abbott) to be good enough to say whether any correspondence had passed between the Provincial Government and the Dominion Government or between

the Lieutenant-Governor of Quebec and the Governor-General of the Dominion on the subject, and that Hon. Mr. Abbott replied that there had been no correspondence between the two Governments on the subject, directly or indirectly, but that His Honour the Lieutenant-Governor had transmitted to His Excellency a copy of a letter he had addressed to Mr. Mercier, Prime Minister at Quebec, and that His Excellency had transmitted that copy to Ottawa.

I also see in the same official reports that on Monday, September 14th, inst, Hon. Mr. Miller moved, seconded by Hon. Mr. Dickey, that an humble address be presented to His Excellency the Governor-General, praying him to cause to be laid before the House all the correspondence exchanged between him and the Lieutenant-Governor of the Province of Quebec respecting the Baie des Chaleurs Railway, as well as all other papers or correspondence on the subject in the possession of the Government.

I learned, by despatch last night, that Hon. Mr. Abbott had, during the course of yesterday afternoon, laid before the Senate a letter from Your Honour to His Excellency the Governor-General transmitting him a copy of the letter which you sent me on September 7th, and the Chronicle and the Canadien of this morning publish the greater portion of this document.

As it would be of the greatest injustice to my colleagues and myself to leave Your Honour's letter alone before the public without my reply to it, I ask your permission to publish the latter, as well as all correspondence which has followed between Your Honour and myself on the subject.

I will not give all the reasons which justify my present step. I am convinced that I have but to make the request and that it will be granted.

Please accept the assurance of the high consideration with which I have the honour to be

Your obedient servant,

(Signed) HONORÉ MERCIER,

Prime Minister.

GOVERNMENT HOUSE,

QUEBEC, 17th September, 1891.

HONOURABLE HONORÉ MERCIER,

Prime Minister of Quebec.

Sir,

I have the honour to acknowledge the receipt of your letter of yesterday, 16th September instant, which was handed to me at 6 p.m., at Spencer Wood, by your private secretary, with reference to the composition of the Royal Commission which forms the subject matter of our correspondence.

I expressed to you my desire that such Commission be composed of three judges; in reply you tell me that you are of opinion that it be composed of one judge only, and you suggest as Commissioner Sir Francis Johnson, Chief Justice of the Superior Court.

You allege that the Royal Commission, which enquired into the circumstances connected with the sale of the North Shore Railway, consisted of only one judge. I would observe at once that this investigation was a very lengthy one and lasted over two years,

he enquiry at present in question can last but a short time. This, I think, meets the objection raised by you with reference to the appointment of three judges, fearing that the administration of justice would greatly suffer by their absence.

In the second case, to which you refer, of the Royal Commission appointed to investigate the specific matter, the Commission consisted of three judges.

The Baie des Chaleurs matter presents at least an equally grave character.

As you had had valid reasons of recusation against Honourable Mr. Justice Davidson, I have been satisfied to see him replaced by Sir Francis Johnson.

In your letter of 15th September instant you said that you and your colleagues were so anxious of meeting my views and having full and complete inquiry made into everything connected with this Baie des Chaleurs railway transaction, that you were prepared to consent to the appointment of a Royal Commission. This was for an inquiry into the facts and circumstances which preceded, accompanied, gave rise to and followed the transactions under the Act 54 Vict., chap. 88, in so far as it relates to the Baie des Chaleurs railway. I had at going beyond the terms of your first acceptance of the Royal Commission, which was expressed in my letter of the 7th inst., you now wish to extend the inquiry to the employment of a subsidy granted to that railway company since it came into existence. The words "subsidy" would include the subsidies granted by the Parliament of Canada, and a proposition of that nature, emanating from our Provincial authority, would be radically outside our jurisdiction is limited by law to Provincial objects. Thus your new proposition to the extent of the powers of the Royal Commission would render the latter null and void in the ends of justice. Under the circumstances I have to inform you that I refuse to accede to the advice which you tender me to constitute the Royal Commission of one judge and to extend its powers beyond the terms of my proposition of the 7th September and of your first acceptance.

I have the honour to be, Sir,

Your obedient servant,

(Signed)

A. R. ANGERS,

Lieutenant Governor.

CABINET DU PREMIER MINISTRE,

PROVINCE DE QUEBEC.

QUEBEC, Sept. 17, 1891.

HONOURABLE AUGUSTE REAL ANGERS,

Lieutenant-Governor of the Province of Quebec.

Quebec.

Please Your Honour :

My private secretary, Mr. Taché, handed me at noon to-day, your letter dated to-day, acknowledging the receipt of mine of yesterday, in which I had the honour of proposing to the Honourable Sir Francis Johnson, Chief Justice of the Superior Court, as sole commissioner,

and to extend the powers of the commission to all subsidies granted to the Baie des Chaleurs Railway Company since it came in existence.

You persist in your suggestion to appoint three judges instead of one alone, and you say that I go beyond the terms of my first acceptance by suggesting that the inquiry be extended to the employment of every subsidy granted to that company since it came in existence.

You add "The words "every subsidy" would include the subsidies granted by the "Parliament of Canada, and a commission of that nature, emanating from our provincial "provincial authority, would be radically null".....

This is not the time to discuss this question of law, but it would be easy to remove all doubt as to their meaning by adding to the words "every subsidy" the word "provincial." Nevertheless, I will not specially insist on this extension of power, but I hope that Your Honour will accede to my desire in that respect.

Allow me to add that, in making this proposition, I remain within the very terms of my letter of the 15th instant, since I invited you to discuss with me "the advisability of "extending the inquiry to the employment of any subsidy granted to that railway company "since it came into existence." I read the following in your letter:

"If you had had valid reasons of recusation against Honourable Mr. Justice Davidson I would have been satisfied to see him replaced by Sir Francis Johnson."

I cannot say whether I have reasons of recusation valid in law against Judge Davidson, for whom I have the highest respect. But, under circumstances like the present, a regular recusation is not necessary; certain rules of prudence and propriety should suffice.

Mr. Davidson has not long been a judge, when he was appointed he was actively engaged in politics; had, on several occasions, presented himself as a candidate against my political friends, and occupied the honourable position—but one, at the same time, very significant with regard to his political leanings—of president of the Junior Conservative Association at Montreal, an important association displaying great energy in all struggles, and directing all political campaigns in the Province of Quebec in the interests of a party which was and is hostile to me.

Under these circumstances, Mr. Davidson should feel ill at ease at being called upon to judge men against whom he contended quite recently with the talent and energy which distinguish him. These considerations, offered with the greatest good faith possible, will perhaps induce Your Honour to substitute Sir Francis Johnson for Mr. Justice Davidson.

However I desire that there be no misunderstanding between your Honour and myself on the subject of this inquiry, and everything that may be connected therewith. I offered you my advice loyally, both as to the jurisdiction and the composition of the commission, and I regret to learn that this opinion does not please you in its entirety. I am prepared to adopt yours, while declaring, however, that I do not intend to renounce any of my rights, and to give you that concurrence which you require on my part, under the law, to appoint that commission.

The sincere desire which I have to make known all the details of this affair; the fear of the regrettable and certain agitation which would be produced by the ministerial crisis resulting from my refusal to give you such concurrence under the conditions laid down by Your Honour, and finally the serious responsibility I would assume by precipitating the Province into the trouble and expense of general elections, when it has barely issued from the provincial elections of 1890 and the federal elections of 1891 are reasons which I deem sufficient to explain this act of unusual deference towards the representative of the Crown.

In conclusion, I declare that I am prepared to make the report required by law in the

terms which you have made known to me, with or without the modifications which I have just had the honour of proposing to you.

Pray accept the assurance of the high consideration with which I have the honour to be,

Your obedient servant,

(Signed), HONORÉ MERCIER,
Prime Minister.

GOVERNMENT HOUSE,

QUEBEC, September 17, 1891.

HONOURABLE HONORÉ MERCIER,

Prime Minister,

Quebec.

Sir,

I have just received, at 11.30 a.m., your letter of this day, September 17, 1891, telling me that the letter which I addressed to His Excellency the Governor-General, forwarding him a copy of that which I wrote you on the 7th September instant, had been laid on the table of the Senate, and you ask my consent to place before the public that which you addressed me on the 15th instant in reply, as well as all the correspondence which has followed between you and me on the subject. I consider that I am but doing an act of justice in offering you my services for the purpose of forwarding a copy of the correspondence between us to His Excellency the Governor General, after which, remaining within the limit of the constitution, these documents may be communicated to the Parliament of Canada. I cannot, without violating the duties of my office, adopt any other method of proceeding.

I therefore beg you to send me at once a duplicate of your documents, and on receipt I will forward them without delay, in order that they may have the publicity you require. I have the honor to be, sir,

Your obedient servant,

(Signed) A. R. ANGERS,
Lieutenant-Governor.

CABINET DU PREMIER MINISTRE,

DE LA PROVINCE DE QUEBEC.

QUEBEC, Sept. 17, 1891.

HONOURABLE AUGUSTE RÉAL ANGERS,

Lieutenant-Governor of the Province of Quebec.

Quebec.

My dear Sir, Please Your Honor :

Mr. Taché handed me, at 11.45 a. m. your letter of this day, taking up certain points of law and of fact, contained in my memorandum of the 15th instant.

My letter of this day, by which I place myself at your disposal with reference to the appointment of a Royal Commission should, it seems to me, exempt me from discussing

certain points raised by Your Honour. Nevertheless, it is perhaps necessary that I should offer certain remarks in order that my silence may not be wrongly interpreted.

I beg Your Honour to believe that I never thought of relieving the responsibility of the ministers consequent upon your signature having been affixed to the Order in Council No. 237. In the eyes of the constitution and towards the public, we alone are responsible, but between you and your ministers the responsibility is morally shared, in the sense that you cannot reproach us with an act in which you concurred, without claiming that you were misled. I have never maintained, and I hope that I will never forget myself so far as to maintain, that a government has power to amend an act by Order in Council, if such act does not give such power. But I did say and I maintain that the Act 54 Vic., chapter 88, section 1, paragraph j, is not limitative, and that, while exacting the payment of the privileged debts to the satisfaction of the Lieutenant-Governor in council, that Act did not forbid the latter to exact the payments of all the debts of the company, all the more so that the transaction in question was made, not with persons outside of the company, but with the company itself, which was obliged, by law, to pay all its debts. It is unnecessary to say anything further on this subject, the argument which I submitted to Your Honour seems to me to be conclusive.

Moreover, how can morality or public interest suffer from the act of a government which says to a railway company so bound to give security: "You will not have the favour which the Legislature authorizes me to grant you, unless you fulfill the first obligation of an honest man, that of paying his debts."

As to the interviews between Your Honor and Mr. Garneau, I prefer to speak no more of them, in view of the delicate position in which I am placed in that respect. I will content myself with saying that Your Honour knows my colleague, Mr. Garneau, and his proverbial courtesy too well, not to understand how he suffers from this regrettable misunderstanding between two gentlemen who are equally honourable.

Notwithstanding the facts, upon which Your Honor bases your assertions, that there seems to exist a barrier where tribute is levied before justice is done to claimants, are very serious and very regrettable, I nevertheless feel some satisfaction in seeing that Your Honour, knows of no others than those connected with the affairs of this railway company, facts which are very blameworthy it is true, but as to the existence of which it is still permitted to doubt until an impartial and regular inquiry is made at which both sides can be heard.

Pray accept the assurance of the high consideration with which.

I have the honor to be,

Your obedient servant,

(Signed) HONORÉ MERCIER,

Prime Minister.

CABINET DU PREMIER MINISTRE

PROVINCE DE QUÉBEC.

QUEBEC, Sept. 18, 1891.

HONORABLE A. R. ANGERS,

Lieutenant-Governor, Quebec.

My Dear Your Honour,

My secretary, Mr Taché, handed me at 1.30 p. m., yesterday, your letter of yesterday, in which you say that you consider that you are doing an act of justice by offering yourself as a channel for forwarding the copies of the correspondence exchanged between us to His Excellency the Governor-General, "after which, remaining within the limits of the Constitution, these documents may be communicated to the Parliament of Canada."

Your Honour concluded this letter by saying "I therefore beg you to send me duplicates of your documents, and upon their receipt, I will forward them without delay, in order that they may have the publicity which you desire."

I thank Your Honour for your offer which I find perfectly satisfactory, and I therefore enclose, for the purpose aforesaid, copies of the whole of our correspondence. I would beg to add a copy of your answer to my last two letters of to-day, in order that the whole may be produced, at the same time, before the Houses at Ottawa.

I may accept the assurance of the high consideration with which I have the honour to be,

Your Honor's most humble and obedient servant

(Signed) HONORÉ MERCIER,

Prime Minister.

GOVERNMENT HOUSE.

QUEBEC September, 18th 1891.

HONORABLE HONORÉ MERCIER,

Prime Minister,

Quebec.

In reply to my letter of yesterday, signifying my refusal to accept your advice as to the name and composition of the Royal Commission, which you proposed to me in opposition to the one which I offered, you state to-day that you are prepared to make the report required in the terms which I have made known to you, with or without the modifications you propose.

You will, I hope, understand that the substitution of Hon. Mr. Justice Johnson for Hon. Mr. Justice Davidson for the reasons which you give me would not be justifiable. This would be to insinuate in official documents of the highest importance that Mr. Justice Johnson, in assuming the ermine, has not cast off political animus.

Therefore, please cause to be prepared, without delay, for examination a draft report of the Executive with reference to the Royal Commission to be appointed and composed, by order of seniority, of Hon. Mr. Louis A. Jetté, Judge of the Superior Court, Hon. Louis Francis George Baby, Judge of the Court of Queen's Bench, and Hon. Charles Peers Davidson, Judge of the Superior Court, all three of the city of Montreal, to investigate and report upon the facts and circumstances which have preceded, accompanied, given rise to and followed the transactions made under the Act 54 Vict., chap. 88, in so far as it affects the Baie des Chaleurs Company, and also a draft of the Royal Commission.

I have the honour to be, Sir,

Your obedient servant,

(Signed)

A. R. ANGERS,

Lieutenant Governor

GOVERNMENT HOUSE,

QUEBEC, September 18, 1891

HONORABLE HONORÉ MERCIER,

Prime Minister, Quebec.

Sir,

I have the honour to acknowledge the receipt of your letter in answer to mine in which I took up certain points of law and of fact contained in your memorandum of the 15th instant.

I have the honour to be, Sir,

Your obedient servant,

(Signed)

A. R. ANGERS,

Lieutenant Governor.

GOVERNMENT HOUSE.

QUEBEC, September, 18, 1891.

HONORABLE HONORÉ MERCIER,

Prime Minister, Quebec.

Sir,

I have the honour to acknowledge the receipt of your letter containing the documents which you wish me to forward to His Excellency the Governor General. I will add to these documents a copy of the letters which I send you to-day.

I have the honour to be, Sir,

Your obedient servant,

(Signed)

A. R. ANGERS,

Lieutenant Governor.

CABINET DU PREMIER MINISTRE

PROVINCE DE QUÉBEC.

QUEBEC, Sept. 19, 1891.

I beg to please Your Honour,

I have the honour to forward you for examination, in accordance with your desire, the report in Council recommending to you the nomination of a Royal Commission, as well as the draft of the Commission, in the Baie des Chaleurs matter, as well as the draft of the Commission. I am sure that you will be satisfied with the diligence I have used in preparing these documents before my departure for Montreal, from whence I will return on Thursday next, my duty being to assist as much as possible, in my capacity as Minister of Agriculture, at the exposition now being held in that city.

I beg to assure you of the high consideration, with which I have honor to be.

Your very devoted,

(Signed) HONORÉ MERCIER,

Prime Minister.

M. AUGUSTE RÉAL ANGERS,

*Lieutenant-Governor of the**Province of Quebec.*

GOVERNMENT HOUSE.

QUEBEC, 21st Sept. 1891.

M. LE HONORÉ MERCIER,

Prime Minister, Montreal.

I have the honour to acknowledge receipt of your letter of Sept. 19, which was received this afternoon, containing your report, that of the Executive Council, and the draft of the Royal Commission in the Baie des Chaleurs railway matter.

I have made, with the consent granted by you to me in advance, certain modifications in the draft in certain omissions. I have given the presidency of the Commission to Hon. J. T. Sté, and I have given to the Commissioners the power to employ a clerk, stenographer and other necessary officers, and to have their proceedings, the evidence and their reports printed. I have also fixed the place of meeting at Quebec, or elsewhere, if the ends require it; and I have in consequence modified the draft of the Commission.

Early this morning, my secretary, Mr. Taché, placed these documents in the hands of Mr. J. T. Sté, Clerk of the Executive Council.

I beg of you to cause to be prepared the Royal Commission in triplicate with all possible speed, and to cause an extra of The Official Gazette to issue for its publication. I also beg of you to have copies made of all correspondence exchanged between us so that, in the exercise of my prerogative, I may transmit it to the Commissioners so that they may by

this means take communication and be officially informed thereof. I thought mode preferable to that of repeating, in your report, in that of the Executive Council, in the Commission, the matters which the Commissioners are charged to investigate.

It is necessary that an Order in Council should be adopted to place, at the disposal of the Commissioners, a certain sum of money towards defraying the expenses of the Commission.

I have the honour to be,

Your obedient servant,

(Signed) A. R. ANGERS,

Lieutenant-Governor

Copy of the report of a Committee of the Honourable the Executive Council, dated 19th September, 1891, approved of by the Lieutenant-Governor on the 19th September, 1891.
No. 410.

The Honourable Prime Minister in a report dated the 19th September instant, (He sets forth: that it is advisable in the public interest that a Royal Commission do issue with the authority of articles 596 and following of the Revised Statutes of the Province of Quebec respecting inquiries concerning public matters, addressed to the Honourable Louis A. Jetté, Judge of the Superior Court, Louis François Baby, Judge of the Court of Queen's Bench and Charles Peers Davidson, Judge of the Superior Court, all three of the City of Montreal, the said Honourable Louis A. Jetté to be, on account of seniority, the president of the commissioners, authorizing the said commissioners to inquire into and report upon facts and circumstances which have preceded, accompanied, given rise to and followed transactions made under the Act 54 Victoria, chapter 88, in so far as it relates to the Montreal and Chateaus Railway Company, and for that purpose conferring upon the said commissioners all the powers granted in and by the said articles and especially the power of summoning witnesses before them, of requiring them to give evidence under oath, either orally or in writing, and to produce the documents and things which they deem requisite to full investigation of the matters into which they are appointed to inquire, and further authorizing the said commissioners to employ a clerk, stenographers and other necessary officers, and to cause the minutes of their proceedings, the evidence and their report to be printed; the sittings of the said commission to be held in the City of Quebec or elsewhere in the Province, if the ends of justice require it.

Certified.

(Signed.) GUSTAVE GRENIER,

Clerk of the Executive Council

CANADA,
Province of Quebec, }
[L. S.]

A. R. ANGERS.

Victoria, by the Grace of God, of the United Kingdom of Great Britain and Ireland, Queen,
Defender of the Faith, &c., &c., &c.

To all to whom these presents shall come or whom the same may concern—GREETING :

A PROCLAMATION.

E. ROBIDOUX, } Whereas by a report of the Honorable Prime Minister, by a report of the
Atty.-General. } Honorable Executive Council for Our Province of Quebec, and by an
order of Our Lieutenant Governor in Council it is declared that it is advisable, in the
interest of the public, that a Royal Commission be issued to inquire into and report on the
acts and circumstances which preceded, accompanied, caused and followed the transactions
made under the Act 54 Vict., chapter 88, in so far as it relates to the Baie des Chaleurs
Railway Company ;

And Whereas We have deemed it advisable, in the interest of the good government of
Our said Province, that such inquiry be made ;

Now know Ye, that by the advice of the Executive Council of Our Province of Quebec,
and under the authority of article 596 and following of the Revised Statutes of Our said
Province on the subject of inquiries concerning public matters, WE do constitute and appoint
the Honourable Louis A. Jetté, Judge of Our Superior Court, the Honourable Louis François
George Baby, Judge of Our Court of Queen's Bench, and the Honourable Charles Peers
Davidson, Judge of Our Superior Court, all three of the City of Montreal, commissioners to
make an inquiry into and report on the facts and circumstances which preceded, accom-
panied, caused and followed the transactions made under the Act 54 Vict., chapter 88, in so
far as it relates to the Baie des Chaleurs Railway Company, and WE do constitute the said
Honourable Louis A. Jetté, president of the said commissioners.

And for that purpose, under the authority of the said article 596 and following of the
Revised Statutes of Our Province of Quebec, WE do give to the said commissioners all the
powers granted in and by the said articles, and particularly the power of summoning before
them any witnesses and of requiring them to give evidence on oath, orally or in writing,
and to produce such documents and things as they may deem requisite to the full investiga-
tion of the matters into which they are appointed to examine, and WE do authorize the
said commissioners to employ a clerk, stenographers and other officers who may be required,
and to cause the minutes of their proceedings, the proof and their report to be printed.

And WE do order that the sittings of the said commission be held in the city of Quebec,
or elsewhere in Our said Province, if the ends of justice require it.

Of all which Our loving subjects and all others whom these presents may concern are
hereby required to take notice and to govern themselves accordingly.

In Testimony Whereof, We have caused these Our letters to be made Patent and the
Great Seal of Our said Province of Quebec to be hereunto affixed.

Witness, Our Trusty and Well Beloved, the Honourable Auguste Rea Angers, Lieute-
nant-Governor of Our said Province of Quebec.

At Our Government House, in Our City of Quebec, in Our said Province of Quebec, this
Twenty-First day of September, in the year of Our Lord, one thousand eight hundred and
ninety-one, and in the fifty-fifth year of Our Reign.

By command,

CHAS. LANGELIER,

Secretary

Copy of the report of a Committee of the Honourable the Executive Council, dated the 24th September, 1891, approved by the Lieutenant-Governor on the 25th September, 1891. No. 411.

On the issuing of a special warrant for \$2,000.00.

The Honourable Provincial Treasurer in a report dated the 24th September instant, 1891, sets forth that it is necessary to place a certain sum at the disposal of the commissioners appointed by Order in Council No. 410, dated the 19th instant, to inquire into and report upon the matter of the Baie des Chaleurs Railway; that the sum of two thousand dollars (\$2,000.00), would be sufficient to defray the first expenses.

That as there is no statutory appropriation out of which this amount can be paid, the Honourable Treasurer therefore recommends that a special warrant for the said sum of two thousand dollars be issued to enable the Treasury to meet the first expenses of the said commissioners.

Certified.

(Signed)

GUSTAVE GRENIER,

Clerk of the Executive Council.

EXHIBITS

EXHIBIT No. 1.

(Translation.)

Report of a Committee of the Honourable the Executive Council, dated the 21st April 1891, approved by the Lieutenant-Governor on the 28th April, 1891.

No. 237,

Concerning the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works, in a report dated 20th April instant (1891), sets forth .

That he has received a letter from Mr. Angus M. Thom, of date the 17th April instant, reading as follows :—

QUEBEC, 17th April, 1891.

TO HONOURABLE P. GARNEAU,

Commissioner of Public Works

and Premier ad interim,

Sir,

We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway if the following proposition is accepted by the Government : the company under the management of a new board of directors, will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st December, 1892, from Metapedia to Paspebiac, and thence to Gaspé Basin as soon as circumstances will permit.

For the carrying out of the present proposition it is understood that the Government shall pay the company :—

1. The balance of the subsidy granted by the Statutes of Quebec, 45 Vic., chap. 23, and its amendments, and 51-52 Vic., chap. 91, sec. 12, amounting to \$260,000, to be payable as earned ;

2. The subsidy of \$50,000 granted by the Statute of last session, 54 Vic., chap. 88, sec. 1, sub-sec. I, to be payable as soon as a bridge over the Grand Cascapedia is finished and accepted by the Government :

3. To comply with the intention of the law, the subsidy of 800,000 acres of land granted by the Statutes of last session, 54 Vic., chap. 88, sec. 1, sub-sec. J, shall be converted, and the proceeds thereof shall be used by the Government to pay the legitimate and privi-

ged claims, in accordance with the above cited act, now existing against the road or against the company ; and if any surplus should exist after the payment by the Government of all claims now existing against the said road as aforesaid. such surplus, if any shall go to the new company on final settlement.

The said debts and claims, after they shall have been approved and certified by Mr. A. M. Thom, representing the company, shall be paid by a person appointed by the Government for that purpose, and failing such approbation and such certificate by Mr. Thom, they shall be paid upon a judgment or arbitrators' report in favour of any claimant. When the Commissioner appointed by the Government shall accept a claim and Mr. Thom refuses his certificates and approbation, then and in each case the claimant has an absolute right to an arbitration, and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an arbitrator after fifteen days' notice to do so, the Commissioner may then pay the claim, and his action shall be binding on all parties.

As a guarantee that they will go on with the works, build, complete and run the road, the company will deposit with the Government bonds of the actual emission to the amount of five hundred thousand dollars (\$500,000), which shall be exchanged for an equal amount of bonds of another issue of same amount and value in case the company would deem proper to cancel the present issue and replace it with others or other satisfactory security in lieu thereof, it being distinctly understood that the company will be handed back the bonds or other security so deposited on the completion and sufficient equipment of the road to Paspebiac.

The board of directors of the company under the new organization shall be composed as follows: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal, and two other persons to be named by the Government.

On the sixty miles of the said road comprised between Metapedia and the big river Cascapedia, the company will resume the works as soon as they can take possession of that section, and on the forty miles ending at Paspebiac, surveys will be commenced as soon as the present proposition is accepted and the works will proceed with the utmost diligence.

The whole respectfully submitted,

(Signed) A. M. THOM.

And upon the said A. M. Thom, and the persons in the name of whom he acts and whom he represents obtaining a transfer of the charter of the Baie des Chaleurs Railway, and seeing that persons mentioned in the propositions above cited have the necessary means to carry out the enterprize, as required by the statute of last session, 54 Vic., chap. 8, section 1, sub-section J, and seeing that it is in the interests of the province to accept it, the Honourable Commissioner of Public Works recommends that the said proposition be accepted as follows, that is to say :—

1. To re-organize the Baie des Chaleurs Railway Company ;
2. To construct and put in operation, on or before the 31st December, 1892, the one hundred miles of the said railway comprised between Metapedia and Paspebiac, and the remainder as far as Gaspé Basin as soon as circumstances will permit ;

3. To continue the works on the sixty miles comprised between Metapedia and the Grand river Cascapedia, as soon as the company shall be able to take possession of this part of the road, that is to say, as soon as the claims which are not contested shall have been paid; which shall be done at the diligence of the Government between now and the 10th May next, at the latest, but without recourse against the Government in default of such diligence, to commence the explorations upon the forty miles between the Grand river Cascapedia and Paspebiac, as soon as the proposition shall be accepted, and push them on with the utmost dispatch;

4. That the first board of directors of the said company shall be composed of the following persons: James Cooper, of Montreal; J. P. Dawes, of Lachine, Alexander Ewing, of Montreal; Angus M. Thom, of Montreal; James Williamson, of Montreal, and of two persons named by the Government

5 To deposit as a guarantee in the hands of the Government five hundred thousand dollars of debentures or bonds of the company of the present issue or any other satisfactory guarantee with the privilege of exchanging the said debentures or bonds for an equal amount of debentures or bonds of any other issue, not to exceed however the actual issue, and of the same value in case it shall be judged expedient to withdraw the present issue which debentures or bonds or other guarantees shall be returned by the Government to the company as soon as the road shall have been finished to Paspebiac.

ON CONDITION:

1. That the balance, to wit, \$260,000 of the subsidies granted to the said railway by 46 Vic., chap. 23, and its amendments, and 51-52 Vic., ch. 91, sec. 12, shall be paid to the company in proportion as the same shall have been earned according to law.

2. That the subsidy of \$50,000 (fifty thousand dollars), granted by the Statute 54 Vic. chap. 88, sec. 1, sub-section I, shall be paid to the company as soon as the bridge over the Grand river Cascapedia shall have been constructed and accepted by the Lieutenant Governor in Council, upon a report of the Government Engineer.

3. That the Government binds itself to pay the company with the subsidy of 800,000 acres of land granted by the Statute 54 Vict., chap. 88, section 1, sub-section J, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway, and the surplus, if any, shall be, after the payment of all claims actually existing against the company, kept by the Government which shall render an account thereof to the company in final settlement.

That the said debts and claims, after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government; and in default of such approbation and such certificates, they shall be paid upon a judgment or report of arbitrators in favour of any claimant. In the case of the commissioner named by the Government accepting a claim and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration, and the award of the arbitrators shall then declare that the costs shall be at the charge of the party who shall fail; and in default of the said Thom to name as

arbitrator after fifteen day's notice so to do, the Commissioner may pay the claim for all lawfull purposes whatever and the action shall bind all the parties.

The Committee concurs in the foregoing report, and submits it for the approval of the Lieutenant-Governor.

(Signed) DAVID A. ROSS,
Chairman of the Committee.

Approved this 23rd April, 1891.

(Signed) A. R. ANGERS,
Lieutenant-Governor.

(L. S.)

Certified,
GUSTAVE GRENIER,
Clerk of the Executive Council.

EXHIBIT No. 2.

(Translation)

COPY of a Report of a Committee of the Honourable the Executive Council, dated the 21st April, 1891, approved by the Lieutenant-Governor 23rd April, 1891.
No. 238.

As to the nomination of a Commissioner to pay the claims against the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works in a memorandum dated twenty-first April instant (1891), recommends that Mr. J. C. Langelier, Assistant-Registrar of the Province, be named a Commissioner to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the provisions of the Order in Council number 237 of the 23rd April, 1891.

The Committee concurs in the foregoing report and submits it for the approval of the Lieutenant-Governor,

(Signed) DAVID ROSS,
Chairman of the Committee.

Approved this 23rd April, 1892.

(Signed,) A. R. ANGERS,
Lieutenant-Governor.

Certified,
GUSTAVE GRENIER,
Clerk of the Executive Council.

EXHIBIT No. 3.

Baie des Chaleurs Railway Company, Dr. to C. N. Armstrong.

Certificate of A. L. Light, 1st July, 1889, Section	AE	\$535,485 00
" 1st " " "	F	172,320 09
" 1st " " "	G	140,112 42
" 1st Sept., " "	H	198,661 33
" 1st " " "	J	140,024 84
" 19th Oct., " "	K	88,698 87
" 7th Jan., " "	KLMH	10 000 00

\$1,235,297 55

Substitution of steel superstructure for bridges in lieu of wooden Howe truss, \$16,786, say 50 per cent..... 8,393 00

Surveys executed in excess of contract—
Section C 2-70 mile.

" H 1-51
" J 2-90

Cascapedia front line 7-11
14-77

21-88

2,188 00

Steel girders on hand 1-60 ft \$3,277
" 1-40 " 1,581
" 1-80 " 1,207

6,065 00

1 combination car 3,200 00

Timber, piles and ties on hand..... 1,227 29

Stone at Metapedia, 155 cub. yards at \$6..... 930 00

" Labour Black Cape Quarry..... 8,834 68

\$1,280,635 52

MONTREAL, 20th April, 1891.

(Signed) D. LEDUC.
Contractors' Chief Engineer.

By subsidies transferred at my request—

Dominion Government..... \$556,000
Provincial " 350,000

\$906,000 00

Balance due C. N. Armstrong..... \$355,635 52

Less paid in bonds, 21 of £500 stg..... 51,099 98

\$304,585 59

* Less these amounts 5,591 57

\$298,943 62

Quebec, April 22nd, 1891. Received from J. C. Lamontagne, Deputy
Legislative Treasurer of Quebec, the sum of one hundred and
seventy-five thousand dollars in full settlement of this account.
C. N. ARMSTRONG.

The correctness
of these items
not yet ascer-
tained.

† Is a correct statement of estimates of work done and remaining to be done.
L. J. R.

We certify that this amount, \$298,943.62, is † to C. N. Armstrong in accordance with the terms of his contract with the company.

L. J. RIOPEL, L. A. ROBITAILLE,
Managing Director. Secretary-Treasurer.

QUEBEC, April 22nd, 1891.

(NOTE.—In the original the word "due" is erased after "is" and the alteration is made in marginal note.)

EXHIBIT No. 5.

(Translation.)

Copy of the Report of the Honourable the Executive Council, bearing date the 3rd, October, 1889, and approved by the Lieutenant Governor on the 5th October, 1889.

No. 488.

Concerning the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works, *ad interim*, in a report, bearing date the 3rd October inst. (1889), represents :—

That difficulties have arisen on the line of the Baie des Chaleurs Railway between the company of that name and its contractors and sub-contractors, or between the latter and the workmen and furnishers on the construction of the said railway, and that a strike has been taken place among the workmen in the employ of these contractors in consequence of the non-payment of their wages or salaries, and that moreover there are other outstanding claims against the company or against its contractors for the right of way, work done, materials furnished, salaries, &c.

That, further, the company has neglected and refused to pay any attention to the repeated warnings of the Government engineer and his frequent notifications with respect to certain works and constructions found defective, insufficient, &c., on one section of its line, and that the said company or its contractors or sub-contractors persist in the construction of works condemned by the said engineer or otherwise disapproved by the Government.

Whereas it is in the interest of the province, which has subsidized this railway to a large amount, that the Government's orders relative to the works and construction should be executed in conformity with the general requirements of the region traversed by the road, and that, on the other hand, it is desirable that the persons injured by the action of the company or of its contractors should be paid their legitimate claims, seeing the Government has received a number of complaints on this head, and that it is just to grant the demand of the different claimants and to give them all the protection possible under the circumstances;

The Honourable Commissioner *ad interim* recommends that, according to the terms of articles 596 and following of the Revised Statutes of the Province of Quebec 1888 an enquiry be instituted to ascertain: (1). The amount legitimately due on the various outstanding claims arising out of the construction of this railway; and (2). All the complaints that have been already made, or which may be made before the Commissioner hereinafter named, against the said company or its agents or contractors by reason of works or constructions defective, insufficient or contrary to the general interests of the region interested, and that for the purposes of this enquiry Mr. Charles Langelier, advocate of this city, be named Commissioner to conduct and direct this enquiry, with power to summon before him witnesses, and to take their evidence under oath to require them to produce all documents and things which he may deem necessary—the said Commissioner to report within as short a delay as possible—the fees of the said Commissioner, his travelling expenses, and all the expenses occasioned by the said enquiry, to be paid out of the subsidy granted to the said company, and he (the Honourable Commissioner *ad interim*) being

authorized to make such advance as he may deem right to the said Commissioner, for such expenses of enquiry out of the said subsidy.

The said Commissioner shall give notice to the interested parties of the day, hour and places at which he shall proceed to hold such enquiry.

Certified,

(Signed)

GUSTAVE GRENIER,

Clerk of the Executive Council.

EXHIBIT No. 6.

(Translation)

Copy of the Report of a Committee of the Honourable the Executive Council, dated the 23rd November, 1889, and approved by the Lieutenant Governor, on the 25th November, 1889.

No. 606.

Concerning the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works, *ad interim*, in a report bearing date the 23rd of November instant, 1889, sets forth :—

That by an Order in Council, No. 488, of the 3rd of October last, it was decreed that an enquiry should be held to establish : 1. The amount legitimately due on various outstanding claims arising from the construction of the Baie des Chaleurs Railway ; 2. All complaints made or to be made against the said company or its representatives, by reason of works of a defective character or contrary to the general interests of the region interested ; and that, for the purposes of the said enquiry, Mr. Charles Langelier, advocate, of the city of Quebec, was by the same Order in Council, named Commissioner to conduct and direct the said enquiry ;

That on the 19th November last the said Commissioner, Mr. Charles Langelier, sent in a first report, showing that he has held the enquiry with which he was charged, that he has heard all the interested parties who came forward, and that he is preparing a more detailed report ; but, having reason to apprehend a repetition of the strikes and troubles that had already broken out if the workmen and furnirshers are not paid within the shortest possible delay, he has deemed it his duty to make a preliminary report to recommend the Government in the interests of public order and to prevent the fresh troubles that threaten to arise, to take immediate steps to secure the payment of all the claims connected with the construction of the portion of the Baie de Chaleurs Railway comprised between Matapedia and the River Cascapedia sixty miles between Matapedia and Caplan ;

That to the said report is annexed a list of these claims for sections H and G, as well as the other sections to the westward ; which claims, with the exception of those for the right of way, have, as attested by the Commissioner, been all admitted by the contractors, so that there can be no objection to their payment and no dispute as to the different amounts—the pretensions of the claimants corresponding exactly to the entries in the books of Messrs. MacFarlane & Son, sub-contractors for the portion of the road situated to the west of the

at Cascapédiac. According to this list, as established by the Commissioner, the claims for work, workmen's board and materials furnished, including the claims of the sub-contractors, amount to the sum of \$29,000 or thereabouts ;

That on the sections of the said railway for which Messrs. MacFarlane & Son are contractors, there remains due by the Government of this Province a balance of subsidy to the extent of \$8,546.

That by a report of Mr. Light, the Government Engineer, dated the 26th September, 1881, it is established that on section H, that is to say, from the 40th to the 50th mile, all works—unfinished at the date of his previous inspection—have been completed, and that that section is now in perfect order, so that the \$6,500 retained to secure its completion may be paid.

As for the Section G. that is to say, from the 50th to 60th mile it is established by the report of Mr. Light, that the greater part of the works, unfinished at the time of his previous inspection, have been executed, so that the line is in good working order and that passenger and freight train runs daily between Metapédia station and Irishtown (a distance of 7 miles), and might even go as far as the 60th mile at a satisfactory speed, notwithstanding certain defects in the track which he notes :

That in the interest of public order and to prevent the fresh troubles which threaten to arise, if the outstanding claims connected with these works are not promptly settled, whereas the Dominion Government has itself retained about \$31,000 of its subsidy to guarantee the completion of the works remaining to be completed, it is urgent to pay the sum of \$22,046, balance of the subsidy appertaining to this section of the Baie des Chaleurs Railway, and to apply it to the payment of the workmen, furnishers of materials and others, who have contributed to the execution of the works of this railway ;

That the two sums above mentioned, namely, \$6,500 and \$22,046, form together one of \$28,546, total balance of the Provincial subsidy coming to the Baie des Chaleurs Railway Company, which should be paid immediately.

That out of the sum of \$28,546, in view of the default of the Baie des Chaleurs Railway Company or of its representatives to meet its obligations towards the workmen, furnishers and others, who have contributed to the execution of the works, it is just—deduction first of the costs of the said inquiry, of the allowance to the Commissioner, his travelling expenses and all other legitimate expenses connected therewith—that the claims of the labourers, workmen, furnishers of materials, of board, and others privileged, should be paid in full, and then the sub-contractors and other claimants, at so much in the dollar, out of the balance of the said sum that may remain.

Wherefore the Honourable Commissioner, *ad interim*, recommends that the sum of \$28,546 be paid to Mr. J. C. Langelier, Civil Service employee, to be by him applied to the Government, in discharge of the Baie des Chaleurs Railway Company, or of its representatives in deduction first made of the expenses of the said inquiry, the allowance to the Commissioner, his travelling expenses, and all other legitimate expenses connected therewith, of the amount due to the labourers, to the workmen, to those who supplied board to the workmen and labourers, to the furnishers of building material and to other privileged persons, in full, conformably to the list annexed to Mr. Langelier's preliminary report ; and

Honourable the Commissioner of Public Works, to pay claims against the Baie des Chaleurs Railway Company, the same being on account of the converted land subsidy, granted by Act 54 Vic., chap. 88, sec. 1, p. (j) under Orders in Council Nos 237 and 238 of April 23rd, 1891.

Citing Act
or Order in
Council, or
both as may
be.

To be taken from 40 Vic., chap. 2.

QUEBEC, 9th July, 1891.

Approved.

(Signed) H. T. MACHIN,
Assistant Provincial Treasurer.

(Signed) A. H. VERRET,
Provincial Auditor.

duplicate.

TREASURY DEPARTMENT, P. Q.

AUDIT BRANCH.

Recommendation No. 137, } \$534.25
on No. 114.

SERVICE.

General Head : Public Debt.

Sub-Head : Interest on Public Debt,—unfunded.

Recommended that a warrant do issue for the sum of five hundred and thirty-four dollars and twenty-five cents in favour of Union Bank of Canada being the amount of interest at 5 % per annum from 1st June to July 10th, 1891, on \$100,000 advanced to J. C. Angelier, Commissioner, on account of the subsidies of the Baie des Chaleurs Railway Co.

Citing Act
r Order in
ouncil, or
oth as may
e.

To be taken from 40 Vict., chap. 5.

QUEBEC, 19th July, 1891.

Approved.

(Signed) H. T. MACHIN,
Assistant Provincial Treasurer.

(Signed) A. H. VERRET,
Provincial Auditor.

Duplicate.

TREASURY DEPARTMENT, P. Q.

AUDIT BRANCH.

Recommendation No. 138 } \$75,000
on No. 72.

SERVICE.

General Head : Con. Railway Fund.

Sub-Head : Railway Subsidies.

Recommended that a warrant do issue for the sum of seventy-five thousand dollar favour of the Baie des Chaleurs Railway Co., represented by La Banque Nationale, being amount advanced by the bank, to J. C. Langelier, Commissioner, by authority of Honourable the Commissioner of Public Works, to pay claims against the Baie des Chaleurs Railway Co., the same being on account of the converted land subsidy granted by act Vict. chap. 88, section 1, p. (j) ; under Orders in Council Nos. 237 and 238 of April 23rd, 1891.

Citing Act or Order in Council, or both, as may be. To be taken from 40 Vic., cap. 2.

Approved
(Signed)

H. T. MACHIN,

Assistant Provincial Treasurer.

(Signed)

QUEBEC, 9th July 1891

A. H. VERRET,

*Provincial Auditor**Duplicate.*

TREASURY DEPARTMENT, P. Q.

AUDIT BRANCH.

Recommendation No. 139 } \$400.68.
on No. 72.

SERVICE.

General Head : Public Debt.

Sub-Head : Interest on Public Debt-unfunded.

Recommended that a warrant do issue for the sum of \$400.68, in favour of La Banque Nationale, being amount of interest at 5% per annum from the 1st June to 10th July, 1891, on \$75,000 advanced to J. C. Langelier, Commissioner, on account of the subsidies of the Baie des Chaleurs Railway Company.

Citing Act or Order in Council or both, as may be. To be taken from 40 Vic., chap. 5.

Approved.

(Signed),

H. T. MACHIN,

Assistant Provincial Treasurer.

(Signed)

QUEBEC, 9th July, 1891

A. H. VERRET,

Provincial Auditor

EXHIBIT No. 41.

DRAFTS OF LETTERS, ETC., CORRECTED, ETC.

QUEBEC, 21st April, 1891.

THE HONOURABLE P. GARNEAU,

*Commissioner of Public Works**and Premier ad interim.*

Sir,

We are in a position to secure the transfer of the Baie des Chaleurs Railway if the following propositions are accepted by the Government. The company, under the management of a new board of directors, will be prepared to go on with the work, complete the road and have it ready for traffic on or before the 31st day of December, 1892, from Metapedia to Paspebiac, and thence to Gaspé Basin as soon as circumstances permit, provided that it is agreed that the Government shall pay to the Baie des Chaleurs Railway company :

1. The balance unpaid of the subsidy granted by the Statutes of Quebec, 45 Vict., ch. 28 and its amendments, and 51-52 Vict., ch. 91, sec. 12, amounting to \$260,000.00, payable as earned on the completion of each ten miles section, and the second thirty-five cents per acre on 200,000 acres of land earned on the first twenty miles of the line ;

2. The subsidy of \$50,000.00, granted by the Statute of last session, 54 Vict., ch. 88 section 1, sub-section i, payable as soon as the bridge is finished and accepted.

3. To comply with the intention of the law, the subsidy of 800,000 acres of land, granted by the Statute of last session 54 Vict., ch. 88, sec. 1, sub-section j, shall be converted, into a money subsidy and the proceeds thereof used by the Government to pay the legitimate debts of the Company as now existing and if a surplus should remain after the payment by the Government of all claims now existing against the said Company. (It being understood that in any event the said Baie des Chaleurs Railway Company shall be held free and harmless in respect of all claims and debts now existing and that the same shall be so discharged and acquitted by the Government within a period of two months from date and possession of the sections constructed be given within a like delay.)

This part is struck out.

4. That the said debts and claims, after they have been approved and certified by Mr. L. M. Thom as representing the company, shall be paid by a person appointed for that purpose by the Government, or failing such approval upon a judgment or award in favor of the creditor, *contradictoirement*.

5. As a guarantee that the company will go on with the work, build, complete and operate the railway, the company will deposit with the Government first mortgage bonds to the

extent of five hundred thousand dollars (\$500,000), which bonds and deposit shall be restored and delivered back to the company upon the completion of the line to Paspebiac;

6. In the event of the company acquiring a new or amended charter from the Federal or Local Government it is distinctly understood and agreed that the Government shall allow the company to replace or exchange on demand the old bonds for bonds issued under such amendment (provided they are of equal value in every respect) or, such other securities as may be acceptable to the Government;

7. Under the new organization the first board of the company shall be composed of the following directors.

James Cooper, of Montreal;

James P. Dawes, of Lachine;

Alexander Ewan, of Montreal;

James Williamson, of Montreal;

Angus McIntyre Thom, of Montreal, and two other persons to be named by the Government.

8. It is likewise agreed that should the fulfilment and extension of the stipulations and conditions above require the passing of further Orders in Council that the Government will use diligence in granting same;

9. And the sixty miles of railway between Metapedia and the Big River Cascapedia, the company will resume the work as soon as they can take possession of that section, and on the forty miles ending at Paspebiac, surveys will be commenced as soon as the proposition is accepted by the Government and the work will be proceeded with, with the utmost diligence.

It is understood that all subsidies voted described under provision first of this letter shall amount to at least \$260,000 in cash payable proportionally on completion of each ten miles namely from the 60th to the 100th and the \$50,000 under the second provision will be payable on completion of the bridge over the Big Cascapedia River distinct and apart from any deferred payment in connection with land subsidies.

I have the honour to be,

Your obedient servant,

(Signed) A. M. THOM.

(Translation.)

QUEBEC, 20th April, 1891.

The undersigned has the honour to report as follows :—

That in a letter of the 17th April, instant, annexed to this report, Mr. Angus M. Thom, of Montreal, offers :

1. To reorganize the Baie des Chaleurs Railway Company :

2. To complete and put in operation, on or before the 31st of December, 1892, the 100 miles of the said road comprised between Metapedia and Paspebiac, thence towards Gaspé Basin as soon as circumstances will permit;

3. To continue the works on the 60 miles comprised between Métapédia and Grand River Cascapedia, as soon as the company can take possession of that part of the said road,

commence the explorations on the forty miles comprised between Grand River Cascade and Paspebiac as soon as the said proposal shall have been accepted, and to push them with the greatest vigor ;

4. To have the first board of directors of the said company composed of the following persons : Messrs James Cooper, of Montreal ; J. P. Dawes, of Lachine ; Alexander Ewing, of Montreal ; James Williamson, of Montreal ; Angus M. Thom, of Montreal, and of two persons named by the Government ;

5. To deposit as security with the Government \$500,000 of debentures or bonds of the company or any other satisfactory security with the privilege of exchanging the said bonds or debentures of another issue not to exceed the present issue in case it shall be deemed expedient to withdraw the present issue ; which bonds or debentures or other securities shall be returned by the Government to the said company as soon as the road shall have been completed as far as Paspebiac ;

ON CONDITION

1. That the balance of the subsidies granted to the said railway, by the Act 51-52 Victoria, chap. 92, section 12, be paid to the company as they shall be earned ;

2. That the subsidy by \$50,000, granted by the Act 54 Victoria, chap. 88, section 1, sub-section (i), be paid to the company so soon as the bridge on the Grand River Cascade shall have been finished and accepted by the Lieutenant Governor in Council upon report of the Government engineer ;

3. That the Government undertake to pay to the company the subsidy of 800,000 acres of land, granted by the Act 54 Victoria, chapter 88, section 1, sub-section (j), converted to money, which subsidy shall be kept by the Government to pay the present debts of the Baie des Chaleurs Railway company, and the surplus, if any remains after the payment, the claims now existing against the said Company, shall be kept by the Government, and shall be accounted for to the company upon the final settlement.

4. That the said debts and claims shall be paid by a person named for that purpose by the Government and acting after having given notice to Mr. Thom as to the nature of each claim.

That in the opinion of the undersigned, the persons mentioned in Mr. Thom's proposal have the necessary means for the successful carrying out of the enterprise, as required by the Statute of the last session, 54 Vict., chap. 88, section 1 sub-section (j), and it is in the interest of the Province to accept the same.

Wherefore the undersigned recommends that the said proposal contained in Mr. Thom's letter, annexed to this report, be accepted, as hereby modified.

The whole respectfully submitted.

QUEBEC, 17th April, 1891

HONOURABLE P. GARNEAU,
Commissioner of Public Works
and Premier ad interim.

Sir,

We have secured the transfer of the charter of the Baie des Chaleurs Railway Company, and if the following proposition is accepted by the Government, we are prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st of December, 1892, from Metapedia to Paspebiac, and thence to Gaspé Basin as soon as practicable.

For the carrying out of the present proposition we ask from the Government:

1. The balance of the subsidy payable in virtue of the Statutes of Quebec 51-52 Vict., chap. 92, amounting to \$260,000, to be payable as earned.
2. All the subsidies granted to the Baie des Chaleurs Railway by the Statute of last session 54 Victoria, chap. 88, section 1, sub-sections I and J.

Inasmuch as the Government has voted this sum to pay the debts of the Baie des Chaleurs Railway Company, and as this sum can be applied only to the payment of such debts, it is understood that the Government shall itself pay the said debts with the amount voted for that purpose by the Legislature, and the Government shall retain any surplus that may exist after payment of all claims now existing against the railway company. These claims shall be paid by a person appointed by the Government acting jointly with me.

In case a shorter or better line should be adopted between the Grand River Cascapedia and the River Bonaventure, the whole of the balance of the subsidy granted by the said 51-52 Vict., chap. 92, section 12, shall be paid to us, although the number of miles of railway comprised between the Grand River Cascapedia and New Carlisle should be less than the one contemplated by the statute, viz: less than forty miles, and then the balance or excess shall be apportioned *pro rata* on every mile for that part of the road.

As a guarantee that we will go on with the works, build, complete and work the road we will deposit with the Government bonds of the company for \$500,000. And in case the new company would deem proper to cancel the bonds of the present issue and replace them by another issue, the Government shall be bound to exchange the bonds held by them as guarantee, for a like amount of bonds of the new issue, or to accept other satisfactory security in lieu thereof.

The board of directors of the new company shall be composed as follows:

James Cooper, of Montreal;

J. P. Dawes, of Lachine;

Alexander Ewing, of Montreal;

James Williamson, "

Angus M. Thom, "

James Reid Stewart, of Glasgow, and two persons to be named by the Government.

On the sixty miles of the road comprised between Metapedia and the Grand River Cascapedia, we will commence the works as soon as the company can take possession of that section, and on the 40 miles from the Grand River Cascapedia to New Carlisle, surveys will be commenced as soon as the present proposition is accepted and the work will be proceeded with the utmost diligence.

I have the honour to be,

Your humble servant,

For himself and the gentlemen above mentioned,

(Signed) A. M. THOM (*struck out*).

EXHIBIT NO. 42.

Draft of letter submitted to Hon. Attorney General, approved and sent.

QUEBEC, 28th April, 1891.

THE CASHIER UNION BANK OF CANADA,

Quebec.

Sir.

You are hereby authorized to advance to Jean Chrysostôme Langelier, Esquire, Commissioner, appointed by Order in Council No. 238, of the 23rd April, 1891, to pay the claims against the Baie des Chaleurs Railway Company, the sum of one hundred thousand dollars (\$100,000.00) to be by him employed in payment of the said claims under authority of Order in Council No. 237, of 23rd April, 1891, which sum of one hundred thousand dollars will be paid by the Treasury Department of the Province of Quebec to the Union Bank of Canada on or before the 10th July, 1891, together with interest on the same until date of payment.

This payment will be made out of the subsidy granted by the Act 54 Vic., chap. 88, sec. 1, sub-subjection "j," payment of which has been authorized by Order in Council No. 237, of the 23rd April, 1891.

I have the honour to be,

Sir,

Your obedient servant.

EXHIBIT No. 43.

QUEBEC, 28th April, 1891

THE CASHIER UNION BANK OF CANADA,

Quebec.

Sir,

You are hereby authorized to advance to Jean Chrysostôme Langelier, Esquire, commissioner, appointed by Order in Council No. 238, of the 23rd April, 1891, to pay the claims against the Baie des Chaleurs Railway Company, the sum of one hundred thousand dollars (\$100,000 00), to be by him employed in payment of the said claims, under authority of Order in Council No. 237, of the 23rd April, 1891, which sum of one hundred thousand dollars will be paid by the Treasury Department of the Province of Quebec, to the Union Bank of Canada, on or before the 10th July, 1891, together with interest on the same at the rate of five per cent per annum from the first June next until date of payment.

This payment will be made out of the subsidy granted by the Act 54 Victoria, chapter 88, section 1, sub-section j, payment of which has been authorized by Order in Council No. 237, of the 23rd April, 1891.

I have the honour to be, Sir,

Your obedient servant,

(Signed) P. GARNEAU,

*Acting Provincial Treasurer and acting Prime Minister P. Q.***EXHIBIT No. 44.**

QUEBEC, 28th April, 1891.

THE CASHIER,

" *La Banque Nationale*,"

Quebec.

Sir.

You are hereby authorized to advance to Jean Chrysostôme Langelier, Esquire, Commissioner, appointed by Order in Council No. 238, of the 23rd April, 1891, to pay the claims against the Baie des Chaleurs Railway Company, the sum of seventy-five thousand dollars (\$75,000.00) to be by him employed in payment of the said claims under authority of Order in Council No. 237, of the 23rd April, 1891, which sum of seventy-five thousand dollars will be paid by the Treasury Department of the Province of Quebec to " *La Banque Nationale* " or order, on or before the 10th day of July, 1891, together with interest on the same at the rate of five per cent per annum from the 1st day of June next until date of payment.

This payment will be made out of the subsidy granted by the Act 54 Victoria, chapter 88, section 1, sub-section (J) payment of which has been authorized by Order in Council No. 237, of the 23rd April, 1891.

I have the honour to be,

Sir,

Your obedient servant,

(Signed), P. GARNEAU,

Acting Provincial Treasurer and acting Prime Minister P. Q.

EXHIBIT NO. 49.

(Translation.)

EXTRACT from the Register of Bills Receivable of La Banque du Peuple, [Quebec, from the 6th of May to the 3rd of June, 1891.

Promissor.	Endorser.	Face of Note.	Due.	Paid.
		\$ cts.		
A. F. Carrier.....	Ernest Pacaud.....	400 00	May 6.....	May 6.
Jas. Carrel... ..	do	150 00	do 8.....	do 6.
F. G. M. Deschène.....	do	150 00	do 31.....	do 11.
J. I. Tarte.....	{ do and Frs. Lan- } gelier.....	1,000 00	June 3....	do 11.

True copy.

P. AUG. LABADIE,
Accountant, Banque du Peuple, Quebec.

EXHIBIT No. 50.

(Translation.)

LA BANQUE DU PEUPLE,

QUEBEC, 6th May, 1891.

J. S. BOUSQUET, Cashier.

Dear Sir,

Mr. Philippe Vallière, one of our wealthy customers, has discounted here to-day, his note for \$20,000, to the order of Ernest Pacaud. Mr. Vallière has a guarantee from the Government which he has sent to me and which I will collect myself on the 10th of July. The proceeds of this discount are to be applied by Mr. Pacaud to meet various liabilities spread out from now to the 3rd of June, amongst which there is \$5,000 payable to ourselves so that we shall disburse \$15,000 only. The only inconvenience that I saw in this transaction was the want of funds in which I am. I at first refused for that reason, but the Honourable Charles Langelier, who accompanied Mr. Vallière, has promised me a deposit of \$50,000 upon the proceeds of the loan, and this over and above the amount which you expect to have yourself. Under these circumstances, I believed I ought to make the transaction.

Yours very truly,

P. B. DUMOULIN.

True copy.

(Signed), P. AUG. LABADIE,
Accountant, Banque du Peuple,
Quebec.

EXHIBIT No. 54.

(Translation.)

REQUISITION.

346. To be filled up by persons requiring drafts on London, Paris, New York, &c.

QUEBEC, 15th May, 1891.		Details.	
Required from the BANQUE NATIONALE a draft on..... Paris.....in favour of the..... Honourable H. Mercier for the sum of \$5,000. (Signed), E. PACAUD..... Applicant. by P. L.		Francs.....	25,500
		{ Banque Nationale PAID 15th May. 3—Quebec—3. }	\$ 5,100 00
			100 00
			\$ 5,000 00

EXHIBIT No. 55a

(Translation.)

LA BANQUE NATIONALE.

QUEBEC, 2nd October, 1891.

Extract from the minutes of a meeting of the Directors of the Banque Nationale, held on the 5th of May, 1891.

The application for the discount of \$100,000, made by Messrs. Pacaud and Charles Langelier, guaranteed by a letter of credit from the Government, is refused.

Certified copy.

(Signed,) P. G. LAFRANCE,

Cashier

{ L. S. }

EXHIBIT No. 56.

(Translation.)

(As a form.)

5171.

COPY of a report of the Honourable the Executive Council, dated the 7th February, 1891 approved by the Lieutenant Governor in Council on the 9th February 1891, No. 112½.

• *Concerning the Great Northern Railway.*

TREASURY DEPARTMENT,**QUEBEC, 10th February, 1891.**

The Honourable the Commissioner of Public Works, in a report dated the ninth of February instant (1891), submits: that, by the act sanctioned at the close of the last session of the Legislature of Quebec, respecting certain subsidies to railways and other companies and undertaking, there was granted (section 1, paragraph g) to the Great Northern Railway Company, to aid it in the cost of building its line:

“ 1. On a distance of 33 miles, from St. Jérôme to a point between the town of Joliette and St. Félix de Valois, to connect with the road of the Canadian Pacific Railway, and

“ 2. On a distance of 7 miles between St. Andrews and Lachute, in the county of, Argenteuil, a subsidy not exceeding 10,000 acres of land per mile, converted into money which is still due, under the Act 49-50 Victoria, chapter 77, section 8, paragraph l, upon 3 miles of the section between New Glasgow and Ste. Julienne, and of a similar subsidy in lands, converted into money, due under the Act 51-52 Victoria, chapter 91, section 6 paragraph c, upon the section of 7 miles between Ste. Julienne and Montcalm, and of a similar subsidy due under the Acts 45 Victoria, chapter 23, section 1, paragraph g; 49-50 Victoria, chapter 77, section 6; and 53 Victoria, chapter 101, section 3, upon the section between St. Andrews and Lachute, forming a total length of 17 miles; and deducting from the 10,000 acres of land per mile, hereby granted, the grants of 4,000 acres of land per mile converted into money at the rate of 70 cents per acre, and one-half paid; which were granted to the said company by the Acts 45 Victoria, chapter 23, section 1, paragraph h; and 49-50 Victoria, chapter 77, section 8, paragraph l, for a distance of 19 miles between St. Jérôme and a point near Ste. Julienne.”

That the company, on the 24th January last, forwarded certified copies of resolutions adopted by its board of directors on the 12th of the same month, to the effect:

1. Of declaring its option in favour of the conversion into money of the grant on lands of 10,000 acres per mile, which is alluded to in paragraph g of the said Subsidy Act, for a distance of 40 miles, not including the grant of 4,000 acres of land per mile already converted into money, for a distance of 21 miles between St. Jérôme and Ste. Julienne;

2. Of praying for the payment of the proportion of the additional grant of 6,000 acres of land per mile, converted into money, at the rate of 35 cts. per acre for the sections of 8 miles and of 10 miles, in all 18 miles, now completed between St. Jérôme and New Glasgow, and from this latter point as far as a point near Ste. Julienne and upon which sections the company has already received from the Treasury the proportion of its former grant of lands of 4000 per acre, converted into money, at the rate of 35 cts. per acre or of \$1,400 per 34 miles.

8. Of praying for an advance upon the said grant in land, converted into money, of \$75.00 per mile, at the terms of section 6 of the Act 38 Victoria, chap. 2, as re-amended by section 5 of the Subsidy Act aforesaid, so as to aid the said company to locate the sections not yet built of its subsidized line.

That in so far as the demands of the said company, as set forth in the above cited resolutions, are well founded, and that it is expedient to grant the same in so far as authorized by the aforesaid Subsidy Act ;

Wherefore the Honourable the Commissioner recommends :

1. That act be granted to the company of its said declaration of option in favour of the conversion into money of the proportion of the said land subsidy of 10,000 acres per mile which had not been, up to this time, converted into money ; and that such option be now approved in conformity with section 14 of the Act 51-52 Victoria, chap. 91, as re-enacted by section 7 of the said Subsidy Act.

2. That out of the Consolidated Railway Fund, it be declared that the said company or its assigns have a right to receive from the Treasury a sum of thirty-seven thousand eight hundred dollars (\$37,800), which represents the proportion of the additional grant of 6,000 acres of land per mile, converted into money at 35 cts per acre, at the rate of \$2.100 per mile coming to the said company, according to the Subsidy Act above cited (paragraph g) for a distance of 18 miles now completed, inspected and received by the Government engineer, between St. Jérôme and New Glasgow and between this latter place and a part near St. Jérôme.

3. A sum of five hundred and twenty-five dollars (\$525.00), as an advance upon the proportion of subventions in land now converted into money, at 35 cts. per acre, at the rate of \$3,500.00 per mile, which were granted to the said company by the said Subsidy Act and by the Acts 45 Victoria, chap. 23, section 1, paragraph g, 49 Victoria, and 50 Victoria, chap. 77, section 6 ; and 53 Victoria, chap. 101, section 9, for the section of 7 miles between St. André and Lachute, said advance being made to aid the said company, having complied with the provisions of section 6 of the Act 38 Victoria, chap. 2, as re-enacted by section 5 of the above cited Subsidy Act by depositing in the Department of Public Works plans and profiles of its projected line between St. André and Lachute ; the two aforesaid mentioned sums making a total of thirty-eight thousand three hundred and twenty-five dollars (\$38,325.00), which is now payable to the said company, or its legal representatives.

Certified.

(Signed,) GUSTAVE GRENIER,

Clerk of the Executive Council.

EXHIBIT No. 57.*(Translation).**(As a form)*

Copy of a report of the Committee of the Honourable the Executive Council, dated the 2nd July, 1891, approved by the Lieutenant Governor on the 6th of July, 1891.

Concerning the Ottawa and Gatineau Valley Railway Company.

TREASURY DEPARTMENT,

QUEBEC, 6th July, 1891.

The Honourable the Commissioner of Public Works, in a report dated the 2nd of July (1891), sets forth :—

That under instructions given by him to Mr. L. A. Vallée, Government engineer, this latter submitted to him this day, a supplementary report by which he certifies that he has again inspected the first two sections of twenty miles in length of the Ottawa and Gatineau Valley Railway, from its junction with the Canadien Pacific Railway, about a mile from the Hull station, as far as beyond the village of Wakefield, to establish on the spot the extent and value of the additional works and materials which have been done and supplied upon the said two sections since his previous inspection of the 24th of the December, 1890, and that a very large part of the works which he then mentioned as remaining incomplete have been now completed in a satisfactory manner, but that there still remains work to be done to complete the said two sections for an approximate value of \$14,000, which works consist principally in ballasting of 14 miles of road, the filling up the approaches of the bridges and culverts, and the completion of the fencing ; that although there at present remains work to be completed for the same value of \$14,000.00, the said engineer is of opinion that the Government would be justified in paying the company the full amount of the subsidies to which it is entitled for that length of twenty miles, in consideration of the important and difficult works which it has been obliged to make upon the said two sections, and taking into account the fact that the Federal Government has retained, in May last, out of the subsidy granted to that company by the Ottawa Parliament, as guarantee of the works not then completed on these two sections, a sum of \$39,170.00, as attested by a letter of Mr. A. P. Bradley, the Secretary of the Department of Railways and Canals, at Ottawa, dated the 13th of June instant.

Therefore, the Honourable Commissioner recommends that, owing to the above statements and recommendations made by the Government engineer, there be now paid to the said company or its legal representatives upon the Consolidated Railway Fund :

1. A sum of \$51,610.00, which represents the subsidy coming to it at the rate of \$5,161.00 per mile, under the Act 51-52 Victoria, chap. 91, section 7, for the second section of its railway so inspected and almost terminated.

2. An equal sum of \$51,610.00 coming to the said company on the said second section of 10 miles, under the Act 54 Vict., chap. 2, by reason of the doub'ing which was authorized by this latter statute of the proportion coming to the company on the 6th section of its line out of the amount of the subsidy in money and in land which were granted to it by the

EXHIBIT No. 59.

BY HIS HONOUR THE HONOURABLE AUGUSTE REAL ANGERS,

LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.

o. 136 on No. 214.

\$100,000.



TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC.

You are hereby authorized and required, out of such moneys as are in or shall come to our hands, for defraying the expenses of the Civil Government of the Province of Quebec, pay or cause to be paid unto the Baie des Chaleurs Railway, represented by the Union Bank of Canada or to their assigns, the sum of one hundred thousand dollars, being the amount advanced by the Bank to J. C. Langelier, Commissioner, by order of the Honourable the Commissioner of Public Works, to pay claims against the Baie des Chaleurs Railway Company, the same being on account of the converted land subsidy granted by Act 4 Vic., cap, 88, sec. 1, § (j) under Orders in Council Nos. 237 and 238 of April 23rd, 1891.

General Head and chargeable to Con. Railway Funds, Railway Subsidies.
or Sub-Head of
service to be
(inserted.)

Acting Act or Or- To be taken from 40 Vic., chap. 2.
der in Council, or
which, as may be.

And for so doing, this, with acquittance of the said railway company or their assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 9th day of July, 1891.

(Signed) GUSTAVE GRENIER,
Deputy Lieutenant Governor.

Received this tenth day of July, 1891, from the Honourable the Treasurer, the above mentioned sum.

For the Union Bank of Canada,
(Signed) E. WEBB,
Cashier.

Exhibit No. 60.**BY HIS HONOUR THE HONOURABLE AUGUSTE REAL ANGERS.****LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.**No. 137 on No. 214,
\$584.25**TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC,**

You are hereby authorized and required, out of such moneys as are in or shall come to your hands, for defraying the expenses of the Civil Government of the Province of Quebec, to pay or cause to be paid unto the Union Bank of Canada or to its assigns, the sum of five hundred and thirty-four and twenty-five cents, dollars being the amount of interest at 5 % per annum from 1st June to July 10th, 1891, on \$100,000 advanced to J.C. Langelier, Commissioner on account of the subsidies of the Baie des Chaleurs Railway Company.

(General Head or Sub-Head of Service to be inserted. and chargeable to public debt. Interest on public debt unfunded.

(Citing Act or Order in Council, or both, as may be). To be taken from 40 Vict., chap. 5.

And for so doing, this, with acquittance of the said bank or its assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 9th day of July, 1891.

(Signed) **GUSTAVE GRENIER,***Deputy Lieutenant Governor.*

Received the tenth day of July, 1891, from the Honourable the Treasurer, the above mentioned sum.

For the Union Bank of Canada,

(Signed) **E. WEBB,***Cashier.*

EXHIBIT No. 61.**BY HIS HONOUR THE HONOURABLE AUGUSTE REAL ANGERS,****LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.**No. 138 on No. 72,
\$75,000.

TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC,

You are hereby authorized and required, out of such moneys as are in or shall come to our hands, for defraying the expenses of the Civil Government of the Province of Quebec, to pay or cause to be paid unto the Baie des Chaleurs Railway Co., represented by a Banque Nationale or to their assigns, the sum of seventy-five thousand dollars, being the amount advanced by the Bank to J. C. Longelier, Commissioner, by authority of the Hon. the Commissioner of Public Works, to pay claims against the Baie des Chaleurs Railway Company, the sum being on account of the converted land subsidy granted by Act 40 Vic., chap. 88, section 1, p. (j) under Orders in Council Nos. 237 and 238, of April 23rd, 1891.

General Head
or Sub-Head
of Services to
be inserted.)

Con. Railway Fund, Railway Subsidies.

Citing Act or
Order in
Council, or
both, as may
be.)

To be taken from 40 Vic., chap. 2.

And for so doing, this, with acquittance of the said Railway Company, or their assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 9th day of July, 1891.

(Signed)

GUSTAVE GRENIER,

Deputy Lieutenant Governor

Received this 10th day of July, 1891, from the Honourable the Treasurer, the above mentioned sum.

(Signed)

P. G. LAFRANCE,

Cashier.

EXHIBIT No. 62.

BY HIS HONOUR THE HONOURABLE AUGUSTE RÉAL ANGERS.

LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.

No. 189 on No. 72,
\$400.68.

TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC,

You are hereby authorized and required, out of such moneys as are in or shall come to your hands, for defraying the expenses of the Civil Government of the Province of Quebec, to pay or cause to be paid unto La Banque Nationale or to their assigns, the sum of four hundred dollars and sixty cents, being amount of interest at 5 % per annum from the 1st June to 10th July on \$75,000 advanced to J. C. Langelier, Commissioner, on account of the Baie des Chaleurs Railway Co.,

(General Head or Sub-Head of Service to be inserted.	and chargeable to Public Debt. Interest on Public Debt unfunded.
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(Citing Act or Order in Coun- cil, or both, as may be.	To be taken from 40 Vic., chap. 5.
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And for so doing, this, with acquittance of the said Bank or their assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 9th day of July, 1891.

(Signed) GUSTAVE GRENIER,

Deputy Lieutenant Governor.

Received the 10th day of July, 1891, from the Honourable the Treasurer, the abovesaid mentioned sum.

(Signed) P. G. LAFRANCE,

Cashier.

EXHIBIT No 63.

BY HIS HONOUR THE HONOURABLE AUGUST REAL ANGERS,

LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.

No. 2747 on No. 6678,
\$1,500.



TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC.

You are hereby authorized and required, out of such moneys as are in or shall come to your hands, for defraying the expenses of the Civil Government of the Province of Quebec, to pay or cause to be paid unto the Baie des Chaleurs Railway Co., represented by J. C. Langelier, Commissioner, represented by S. Lesage, Assistant-Commissioner Public Works, or to their assigns, the sum of one thousand five hundred dollars, being amount placed at disposal of the said J. C. Langelier by authority of the Commissioner of Public Works, to enable him to pay claims against this company, being on account of converted land subsidy, granted by Act 54 Vic., chap. 88 sec. 1, sub-section " J " under O. C. No. 287 of April 23rd 1891.

(General Head or Sub-Head of Service to be asserted) and chargeable to Con. Railway Fund, Railway Subsidies.

(Citing Act or Order in Council, or both, as may be.) To be taken from appropriation, 40 Vic., chap. 2.

And for so doing, this, with acquittance of the said Baie des Chaleurs Railway Co. or their assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 1st day of May, 1891.

(Signed) GUSTAVE GRENIER,

Deputy Lieutenant Governor.

Received this second day of May, 1891, from the Honourable the Treasurer, the above mentioned sum.

(Signed) S. LESAGE,

Assistant-Commissioner.

EXHIBIT No. 64.**THE HONOURABLE AUGUSTE REAL ANGERS.****LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.**No. 2901 on No. 6880,
\$25,000.**TO THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC,**

You are hereby authorized and required, out of such moneys as are in or shall come
your hands, for defraying the expenses of the Civil Government of the Province of Queb
to pay or cause to be paid unto Baie des Chaleurs Railway Company, per J. C. Langel
Quebec, Commissioner, or their assigns, the sum of twenty-five thousand dollars, being
pay a certain number of privileged approved claims under O. C. No. 237, of April 23rd 11

(General Head and chargeable to Con. Railway Fund, Railway Subsidies.
or Sub-Head of
Service to be
inserted.)

(Citing Act or To be taken from 40 Vic., chap. 2.
Order in Coun-
cil, or both, as
may be.)

And for so doing, this, with acquittance of the said Railway Company or their assi
shall be to you a sufficient warrant and discharge.

Quebec, this 9th day of May, 1891.

(Signed) **GUSTAVE GRENIER,***Deputy Lieutenant Gove*

—

Received this 9th day of May, 1891, from the Honourable the Treasurer, the above
tioned sum.

(Signed) **J. C. LANGELIER,***Com. B. C*

—

EXHIBIT No. 65.

BY HIS HONOUR THE HONOURABLE AUGUSTE REAL ANGERS.

LIEUTENANT GOVERNOR OF THE PROVINCE OF QUEBEC.

O. 32 on No. 36,
\$15,000



O THE HONOURABLE THE TREASURER OF THE PROVINCE OF QUEBEC,

You are hereby authorized and required, out of such moneys as are in or shall come to our hands, for defraying the expenses of the Civil Government of the Province of Quebec, to pay or cause to be paid unto the Baie des Chaleurs Railway Co., represented by J. C. Angelier, Special Commissioner, represented by S. Lesage, Assistant-Commissioner Public Works, or to their assigns, the sum of fifteen thousand dollars, being to enable the said J. C. Angelier to pay further claims against the said company, under O. C. No. 237, of April 23rd, 1891.

General Head
or Sub-Head of
Service to be
instead.

Con. Railway Fund,
Railway Subsidies.

Acting Act or
Order in Coun-
cil, or both, as
may be.)

To be taken from 40 Vic., chap. 5.

And for so doing, this, with acquittance of the said Baie des Chaleurs Ry. Co., or their assigns, shall be to you a sufficient warrant and discharge.

Quebec, this 3rd day of July, 1891.

(Signed) GUSTAVE GRENIER,

Deputy Lieutenant Governor.

Received this 7th day of July, 1891, from the Honourable the Treasurer, the above mentioned sum.

(Signed) S. LESAGE.

EXHIBIT No. 66.

1880.

L. E. No. 1396.

L. R. No. 653.

**DEPARTMENT OF PUBLIC WORKS,
RAILWAY OFFICE.**

Treasury Department,
May 8, 1891,
Quebec.

QUEBEC, 8th May, 1891.

H. T. MACHIN, Esq.,*Assistant Treasurer, P. Q.*

Quebec.

Dear Sir,

Under the instructions of the Honourable the Commissioner, I beg to request you on behalf of Mr. J. C. Langelier, the Special Commissioner appointed by the Order in Council No. 236, on 23rd *ultra*, to effect the payment of the claims authorized to be settled by the Order in Council No. 237, passed on the same day, on the Baie des Chaleurs Railway, to please issue immediately a cheque to the order of Mr. Langelier for an amount of twenty-five thousand (dollars \$25,000.00), to enable him to pay a certain number of privileged approved claims as specified in the last mentioned Order in Council.

I remain, Dear Sir,

Yours truly,

(Signed),

E. MOREAU,*Director of Railways.*

EXHIBIT No. 67.

L. E. No. 1465.

L. R. No. 658.

DEPARTMENT OF PUBLIC WORKS,

RAILWAY OFFICE.

<p><i>Treasury Department,</i> 3rd July, 1891, Quebec.</p>
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QUEBEC, 2nd July, 1891.

H. T. MACHIN, ESQRE.,

Assistant Treasurer, P. Q.,

Quebec.

Dear Sir,

Under the instructions of the Honourable the Commissioner and on behalf of Mr. J. C. Langelier, the Special Commissioner appointed by the Order in Council No. 238, on 23rd *ullo*, to effect the payment of further claims authorized to be settled by the Order in Council No. 237, passed on the same day, on the Baie des Chaleurs Railway, please issue immediately a cheque to the order of Mr. Langelier, represented by S. Lesage, Asst.-Commissioner, for an amount of fifteen thousand dollars (\$15,000), to enable him to pay a certain number of additional privileged approved claims as specified in the last mentioned Order in Council.

I remain, Dear Sir,

Yours truly,

(Signed), E. MOREAU,

Director of Railways.

EXHIBIT No. 83.*(Translation.)*

\$20,000.

18,872.

QUEBEC, 12th May, 1891.

LA BANQUE NATIONALE,
15th May, 1891,
Quebec.
19,872.

Two months after date, I promise to pay to the order of
Philippe Vallière, Esq., at the Banque Nationale, in Quebec
twenty thousand dollars, for value received.

LA BANQUE NATIONALE,
Paid
10th July, 1891,
3 Quebec. 3

(Signed), ERNEST PACAUD.

Endorsed : P. VALLIÈRE, ERNEST PACAUD.

EXHIBIT No. 84.*(Translation.)*

\$20,000.

QUEBEC, 6th May, 1891.

E. 1999, 18th July. On the fifteenth of July next, for value received, I promise to pay to the
order of Philippe Vallière, Esq., at the office of the Banque du Peuple, the
sum of twenty thousand dollars.

(Signed), ERNEST PACAUD. (struck out.)

Endorsed : P. VALLIÈRE, ERNEST PACAUD.

EXHIBIT No. 86.**BANQUE NATIONALE.**

Date of issue.	Date of accept- ance.	DETAILS.	No. of voucher.		DR.	CR.
May	15	4 Net proceeds of note discounted this day.....				\$ 19,782 60
	14	15 Cheque produced to pay my note due to order of Mr. Mercier, endorsed by F. and C. Lange- lier and C. A. P. Pelletier.....	1		\$5,000 00	
	15	15 Memo. in connection with account No. 5.....	1a	\$5,000 00		
	15	15 Memo. in connection with account No. 5.....	1b	250 00		
	16	16 Cheque produced. Purchase of my property L. P. Sirois.....	2		1,000 00	
	18	19 Cheque produced. Deposit in Banque du Peuple.....	3		1,500 00	
	16	20 Cheque produced. Expenses of Ulric Barthe, at Ottawa	4		20 00	
	20	21 Cheque produced. Private use..	5		50 00	
	20	22 Cheque produced. Paid to Frank Pennée.....	6		315 00	
	21	23 Cheque produced. Loan to Char- leson at Ottawa.....	7		75 00	
	23	26 Cheque produced. U. Barthe, correspondent at Ottawa.....	8		50 00	
		27 Cheque produced. Deposit in Banque du Peuple.....	9		1,000 00	
	27	27 Cheque produced. Deposit coun- ter-petition, Caron, Chicoutimi	10		1,000 00	
	23	27 Cheque produced. A. Geoffrion, advocate, acct. services re en- quête McGreevy.....	11		500 00	
	23	29 Cheque produced. Private use.	12		25 00	
	29	29 Cheque produced. Payment 2 notes of A. F. Carrier, endors- ed by me.	13		400 00	
June	1	2 Cheque produced. Deposit at Banque du Peuple	14		500 00	
	1	3 Cheque produced. Chs. Langelier	15		555 40	
	9	9 Cheque produced. Paid to P. B. Dumoulin.....	16		260 00	
	10	11 Cheque produced. Deposit at Banque du Peuple.....	17		500 00	
	16	16 Cheque produced. Armstrong's draft	18		1,000 00	
	25	26 Cheque produced. Deposit at Banque du Peuple.....	19		500 00	
	25	27 Cheque produced. Eloi Picard...	20		100 00	
		Carried forward.....	....	\$ 5,250 00	14,850 40	19,782 60

BANQUE NATIONALE—Continued.

Date of issue.	Date of accept- ance.	DETAILS.	No. of voucher.		DR.	CR.
		Brought forward.....	.....	\$5,250 00	\$14,350 40	\$19,732
July 2		3 Cheque produced. J. A. Tessier, advocate, 3 R.....	21	.....	30 00	
6		6 Cheque produced. To close my account, private use.....	22	5,250 0	102 20	
					5,250 00	
		Balanced.....	.....	.....	\$19,732 60	19,732

EXHIBIT No. 86a.

Cr. Ernest Pacaud, in account with the Banque Nationale, Quebec.

May 15	Cheque	1.....	\$ 5,000 00	May 15	Discount.....	\$19,732 60
	"	.....	5,000 00			
	"	.....	250 00			
16	"	2.....	1,000 00			
19	"	3.....	1,500 00			
20	"	4.....	20 00			
21	"	5.....	50 00			
22	"	6.....	315 00			
23	"	7.....	75 00			
26	"	8.....	50 00			
27	"	9.....	1,000 00			
	"	10.....	1,000 00			
	"	11.....	500 00			
29	"	12.....	25 00			
	"	13.....	400 00			
June 2	"	14.....	500 00			
3	"	15.....	555 40			
9	"	16.....	260 00			
11	"	17.....	500 00			
16	"	18.....	1,000 00			
26	"	19.....	500 00			
27	"	20.....	100 00			
July 3	"	21.....	30 00			
6	"	22.....	102 20			
			\$19,732 60			\$19,732 60

Certified copy of Mr. Ernest Pacaud's account.
Quebec, 17th October, 1891.

EXHIBIT No. 88.**LA BANQUE DU PEUPLE.**

Date of issue.	Acceptance.	DETAILS.	No. of voucher.		Dr.	Cr.
May 6		Net proceeds of a note discounted this day				\$19,720
6	6	Cheque produced. To pay note signed by me the 25th February endorsed by Messrs. Mercier Langelier, Pelletier and others.	1		\$5,000 00	
6	6	Cheque produced. To Mr. Vallière for his endorsement on note of \$20,000 \$500				
		The Balance, private use.... 500	2		1,000 00	
6	6	Cheque produced. To pay note of C. Langelier, endorsed by Tarte, \$2,000 The balance to pay Carret's note, \$150.....	3		2,150 00	
8	8	Cheque produced. Private use....	4		100 00	
8	8	Cheque produced. To pay A. Carrier's note	5		400 00	
9	8	Cheque lost. Paid to Frs. Parent for Chs. Langelier.....	5a		918 23	
9	9	Cheque produced Deposit to credit of C. Langelier, at the Union Savings Bank, Upper Town.....	6		200 00	
		Memo. in connection with account No 5.....	5a	75 00		
9	9	Receipt produced Paid to Demers & Frère.....	7		1,000 00	
8	9	Cheque & receipt produced Paid to Jos Martin election services	8		25 00	
9	9	Cheque produced. Private use....	9		40 00	
11	11	Cheque produced To pay Tarte's note, endorsed by F. Langelier and myself.....	10		1,000 00	
9	11	Cheque produced. To pay costs which I owed to the Hon. Geo. Irvine	11		150 00	
8	11	Cheque produced. To Wm Learmouth, purchase of a type-writer	12		115 00	
		Memo. in connection with account No. 5.....	12a	250 00		
5	11	Cheque produced Amount sent to Mr. Patenaude, private matter.....	13		20 00	
11	11	Cheque produced. Private use .	14		50 00	
8	11	Cheque produced Private use. Col. Rhodes.....	15		10 00	
		Carried forward.....		\$ 325 00	12,178 23	19,720

LA BANQUE DU PEUPLE—Continued.

Debit	Acceptance.	DETAILS.	No. of voucher.		Dr.	Cr.
		Brought forward.....		\$ 325 00	12,178 23	19,720 00
11	12	Cheque produced. To pay Tarte's note, McGreevy inquiry.....	16	.....	400 00	
11	12	Paid for Chs. Langelier. Fortress Hotel.....	16a	.....	500 00	
		Memo. in connection with account No 5.....	16b	500 00	.....
11	13	Cheque produced. To pay F. G. M. Déchène's note.....	17	.....	150 00	
9	13	Cheque produced. Paid Pierre Richard, grocer.....	18	.....	45 54	
11		Memo. in connection with account No 5.....	18a	19 00	.....
14	14	Cheque produced. Subscription to Mr. Desaulniers, of the <i>National</i>	19	.....	100 00	
11	14	Cheque produced. Nap Legendre, articles written in the <i>Electeur</i>	20	.....	25 00	
14	15	Cheque produced. To notary Gosselin, professional services	21	.....	12 50	
14		Deposit.....	21a	.....	.....	1,000 00
14	15	Cheque produced. Debt due to Desbarats.....	22	.....	150 00	
11	15	Cheque produced. Paid Morgan & Co.....	23	.....	22 50	
14	15	Cheque produced. Paid O. Montreuil	24	.....	14 25	
15		Deposit	24a	.....	.....	1,419 80
15	15	Cheque produced. To pay Mr. Vallière, endorser on the note for \$20,000 discounted at La Banque Nationale..... \$500 The balance, private use. 100	25	.....	600 00	
		Memo. in connection with account No 5.....	25a	39 00	.....
16	16	Cheque produced. Part of the purchase price of my property	26	.....	7,000 00	
14	16	Cheque produced. Damase Daigle	27	.....	15 40	
9	16	Cheque produced. Barthe's expenses, Ottawa.....	28	.....	30 00	
14	16	Cheque produced. Gas Co.	29	.....	51 12	
14	16	Cheque produced. Private use..	30	.....	100 00	
16	16	Cheque produced. To pay J. B. Parkin's note to the order of				
		Carried forward.....		\$ 883 00	21,394 54	22,139 80

LA BANQUE DU PEUPLE—Continued.

Date of issue	Acceptance.	DETAILS.	No. of voucher.		Dr.	Cr.
		Brought forward.....		\$ 883 00	21,394 54	22,139 8
May 16		Mr. Hearn, and endorsed by myself.....	30a		200 00	
14	18	Discounted this day.....	30b			196 8
16	18	Cheque produced. A. Livernois, private account.....	31		25 35	
16	18	Cheque produced. C. A. P. Pelletier, election expenses.....	32		1,000 00	
19	19	Cheque produced. Private use.....	33		180 00	
19	19	Cheque produced. To my secretary.....	34		50 00	
19	20	Cheque produced. Mr. Beaudet, merchant.....	35		10 00	
8	21	Cheque produced. Raoul Rinfret.....	36		425 00	
19	26	Cheque produced. Reimbursed to my office.....	37		50 00	
18		Deposit. Transfer from la Banque Nationale.....	38		15 85	
26		Deposit. Transfer from la Banque Nationale.....	38a			1,500
26	26	Cheque produced. Private use.....	38b			1,000
26	26	Cheque produced. Tonotary Sirois, for my house.....	39		550 00	
29	26	Cheque produced. J. B. Morin, for C. Langelier.....	40		43 92	
June 1		Deposit. Transfer from la Banque Nationale.....	41		17 60	
1	1	Cheque produced. Private use.....	41a			500
1	3	Cheq. prod. Loan to Mr. Lemieux.....	42		300 00	
4	4	Cheque produced. Private use.....	43		100 00	
4	4	Cheque produced. G. M. Déchesne.....	44		100 00	
4	5	Cheque produced. Great North W. T. Co.....	45		30 00	
		Memo. in connection with account No 5.....	46		58 63	
4	5	Cheque produced. Private use.....	46a	119 31		
		Memo in connection with account No 5.....	47		30 00	
6	6	Cheque produced. Private use.....	47a	28 85		
6	8	Cheque prod. P. Richard, grocer.....	48		30 00	
8	9	Cheque produced. Private use.....	49		35 45	
11	11	Cheque produced. A. Marcotte.....	50		30 00	
9	12	Cheque produced. L. P. Sirois.....	51		30 00	
9		Deposit.....	52		133 00	
5	12	Cheque produced. Colonial House.....	52a			204
		Carried forward.....	53		43 22	
				\$1,030 66	24,832 06	25,539

LA BANQUE DU PEUPLE—(Continued.)

Date of issue.	Accept- ance.	DETAILS.	No. of voucher.		Dr.	Cr.
		Brought forward.....	.....	\$1,030 66	24,832 06	25,539 90
ne 5	13	Cheq. produced. T. Hethrington	54	.....	39 56	
12	13	" " Ulric Barthe.....	55	.....	200 00	
10		Deposit. Transfer from La Ban- que Nationale	55a	.....		500 00
15		Deposit	55b	.....		500 00
15	17	Cheque produced. Major Wilson	56	.....	50 00	
3	17	" " Abbé Laflamme...	57	.....	15 00	
17	18	" " J. C. More.....	58	.....	25 00	
16	18	" " Dr. A. Vallée.. . . .	59	.....	15 00	
17	18	" " Belleau & Co.....	60	.....	28 78	
17	18	" " O. Montreuil.....	61	.....	9 45	
18	20	" " Paul de Cazes	61a	.....	50 00	
18	20	" " Miss Mary S. Byrne	62	.....	25 50	
22	22	" " Auguste Edge.....	63	.....	10 00	
22	22	" " Jos. X. Perrault...	64	.....	10 00	
22	22	" " Adéland Turgeon..	65	.....	152 54	
22	25	" " Wise & Co..	66	.....	3 50	
25	25	" " Private use.... . . .	67	.....	50 00	
23	25	" " C. Labreque.. . . .	68	.....	22 50	
24	26	" " W. Jacques	69	.....	29 15	
	26	Note produced. Elias Mailoux...	70	.....	50 00	
25	26	Cheque " H. Beautey.....	71	.....	40 00	
22	26	" " Ant. Turgeon.....	72	.....	6 90	
25		Deposit. Transfer from La Ban- que Nationale	72a	.....		500 00
27	27	Cheque produced. Private use...	73	.....	50 00	
24	27	" " Pruneau & Ki- rouac	74	.....	18 48	
23	27	Cheque produced. Ulric Barthe..	75	.....	25 00	
30	30	" " Private use.....	76	.....	50 00	
30	30	" " J. D. Chartrand.	77	.....	50 00	
27	30	" " A. Lavigne.....	78	.....	37 95	
ly 2	2	" " Apollinaire Cor- riveau	79	.....	20 00	
ne 30	2	Cheque produced. Frank Carrel.	80	.....	10 00	
30	3	" " A. J. Maxham & Co.....	81	.....	27 50	
25	3	Cheq. produced. Thos. Donohue.	82	.....	37 99	
ily 2	3	" " Jos. P. Roy.....	83	.....	25 00	
		Memo. in connection with ac- count No. 5.....	83a	11 84	.....
2	3	Cheq. produced. Hon Geo. Irvine	84	.....	500 00	
3	3	" " C. A. Geof- frion's drafts.....	85	.....	500 00	
2	3	Cheque produced. Ovide Picard	86	.....	150 00	
		Carried forward .....	.....	\$1,042 50	27,166 86	27,039 90

LA BANQUE DU PEUPLE—Continued.

Date of issue.	Accept- ance.	DETAILS.	No. of voucher.		Dr.	Cr.
		Brought forward....		\$1,285 61	38,831 85	42,175 28
July 11		Interest on note.....				17 58
15	18	Cheque produced. Bibliothèque française.....	117		11 25	
9	18	Cheque produced. U. Plourde....	117a		25 00	
6		Deposit.....	117b			74 75
22		Deposit. Transfer from the Union Bank	117c			1,000 00
2	20	Cheque produced. L. Alain.....	118		25 00	
11	21	" " F.-X. Warren	119		24 27	
22		" " C. Langelier.. note	120		1,600 00	
22	22	Cheque produced. Private use...	121		100 00	
22	22	" " " "	122		23 00	
23	23	" " Auguste Edge.	123		10 00	
22	24	" " Frank Pennée.	124		212 50	
24	24	" " Private use.....	125		30 00	
22	25	" " Ulric Barthe....	126		50 00	
23	25	" " Glover & Fry...	127		285 36	
23	27	" " Frank Carrel...	128		10 00	
	24	Deposit.....				1,000 00
30		Cheque produced	128a		3,000 00	
30		" "	128b		3,000 00	
		Discount	128c			5,925 20
30	30	Cheque produced. Bénoni Samson	129		5 00	
30	30	" " Léon Ledieu, for articles in the <i>Electeur</i>	130		154 04	
30	30	Cheque produced. Belleau & Co..	131		21 71	
30	30	" " Private use.....	132		100 00	
30	30	" " Parmelee's draft	133		500 00	
30	30	" " Auguste Edge.	134		15 00	
31	Aug. 1	" " J. A. Bélanger.	135		118 25	
		Memo. in connection with ac- count No. 5.....	135a	75 00		
30	3	Cheque produced. Ulric Barthe....	136		100 00	
31	3	" " Eloi Picard	137		300 00	
30	3	" " Frank Carrel..	138		10 00	
30	3	" " Dr C. A. Verge	139		70 00	
5	6	" " T. Marrier.....	140		28 66	
5	6	" " Great N.W. Tel Co.....	141		11 17	
6	6	Cheque produced. Private use...	142		100 00	
6		" " Discount	142a		2,500 00	
6		Discount				2,441 95
6	6	Cheque produced, Geo. Hough....	143		20 00	
7		Cheque	143a		534 95	
5		Deposit	143b			534 95
6		"	143c			500 00
		Carried forward		\$1,360 61	51,826 51	53,669 61

LA BANQUE DU PEUPLE—Continued.

Date of issue.	Accept- ance.	DETAILS.	No. of voucher		Dr.	Cr.
		Brought forward.....		\$1,360 61	51,826 51	53,669 61
Aug. 5	Aug. 7	Cheque produced. J. D. Anderson	144	.....	20 00	
July 30	8	" " Ed. Garneau ..	145	.....	12 50	
Aug. 7	8	" " Aug. Edge.....	146	.....	5 00	
5	10	" " G. Seifert.....	147	.....	50 00	
9	10	" " Private use.....	148	.....	45 00	
9	11	" " Aug. Edge.....	149	.....	30 00	
10	11	" " L. F. Pinault..	150	.....	30 00	
7	13	" " F. Carrel.....	151	.....	10 00	
10	14	" " J. Boiteau.....	152	.....	40 00	
21		Protest	152a	.....	2 54	
Sept. 12		Deposit	152b	.....	
28		Deposit. Transfer from the Mer- chants' Bank.....	152c	.....		100
28		Discount	152d	.....		100
29		Cheque produced	153e	.....	1,452 02	1,432
29		Deposit. Transfer from the Union Bank, Upper Town, ..	152f	.....		3,000
Aug. 29	Sept. 5	Cheque produced. Hearn's note..	153	.....	202 54	
	5	Cable	154	.....	5 75	
	10	Credit in London... .. { \$300				
		Louis Rainville..... { 100	155	.....	400 00	
	11	Cable.....	156	.....	5 50	
29		Cheque produced. Ovide Picard ..	157	.....	1 000 00	
29		" " Judge Dugas....	158	.....	1,136 55	
29		" " Elot Picard	159	.....	239 87	
29		Surplus of interest.....	159a	.....	13 30	
Sept. 29		Cheque produced. P. Gingras & Co	160	.....	65 46	
30		" " Private use ..	161	.....	300 00	
29	1	" " Great N. W. Tel. Co	162	.....	16 11	
Oct. 1	1	" " Belleau & Co ..	163	.....	80 85	
	2	" " F. Carrel.....	164	.....	10 00	
	2	" " " "	165	.....	10 00	
	2	" " " "	166	.....	10 00	
	2	" " " "	167	.....	10 00	
1	2	" " E. St. Jean.....	168	.....	113 35	
Sept. 29	3	" " T. H. Lizotte.....	169	.....	16 10	
Oct. 3	5	" " Great N. W. Tel. Co	170	.....	6 75	
		Despatches.....	170a	.....	87	
Sept. 30	5	Cheque produced, Errol Bou- chette	171	.....	50 00	
Oct. 7		Deposit	171a	.....	
				\$1,360 61		
					1,360 61	
May 6		Balance in bank this day.....				21
		Totals			\$58,577 18	58,57

EXHIBIT 88a.

ERNEST PACAUD, in account with La Banque du Peuple, Quebec.

Cr.

			1891			
391			May	6	Balance.....	\$ 219 69
6	Cheque	1			Discount	19,720 00
	"	2			Deposit.....	1,000 00
	"	3		14	Discount	1,419 80
8	"	4		15	"	195 85
	"	5		16	Deposit.....	1,500 00
	"			18	"	1,000 00
9	"	6		26		
	"					
	"	7				
	"	8				
	"	9				
11	"	10				
	"	11				
	"	12				
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18	"	31				
	"	32				
	"	33				
		23,632 89				
19	"	34				
	"	35				
20	"	36				
21	"	37				
26	"	38				
	"	39				
	"	40				
	Carried forward.....	\$ 24,777 16			Carried for	

ERNEST PACAUD, in account with *La Banque du Peuple, Quebec*—Continued.
Dr.

		Brought forward	\$ 24,777 16			Brought forward.	\$ 25,055
May	■	Cheque 41	17 60				
		Balance.....	260 58				
			\$ 25 055 34				\$ 25,065
June	1	Cheque 42	300 00	June	1	Balance	260
	3	" 43	100 00			Deposit.....	500
	4	" 44	100 00		9	"	304
		" 45	30 00		10	"	500
	5	" 46	58 63		15	"	500
		" 47	119 31		25	"	500
	6	" 48	30 00				
	8	" 49	28 85				
	9	" 50	30 00				
	11	" 51	35 45				
	12	" 52	80 00				
		" 53	183 00				
	13	" 54	43 22				
		" 55	39 58				
	17	" 56	200 00				
		" 57	50 00				
	18	" 58	15 00				
		" 59	25 00				
		" 60	15 00				
		" 61	28 78				
	20	" 61a	9 45				
		" 62	50 00				
	22	" 63	25 50				
		" 64	10 00				
		" 65	10 00				
	25	" 66	152 54				
		" 67	3 50				
		" 68	50 00				
	26	" 69	22 50				
		Note 70	29 15				
	26	Cheque 71	50 00				
	26	" 72	40 00				
	27	" 73	6 90				
		" 74	50 00				
		" 75	18 48				
	30	" 76	25 00				
		" 77	50 00				
		" 78	50 00				
		Balance.....	37 95				
			\$ 2,464 83				\$ 2,46

NEST PACAUD, in account with *La Banque du Peuple, Quebec*—Continued.

Ca.

2	Cheque	79	\$ 20 00	July		Balance	\$ 832 56
	"	80	10 00		3	Deposit	2,500 00
3	"	81	27 50		10	"	500 00
	"	82	37 99		11	"	2,072 78
			11 84			"	9,692 60
	"	83	25 00				
	"	84	500 00				
	"	85	500 00				
	"	86	150 00				
4	"	87	37 00				
	"	88	59 00				
6	"	89	150 00				
	"	90	23 22				
	"	91	25 00				
			15 92				
	"	92	10 00				
6	"	93	20 00				
7	"	94	20 00				
	"	95	75 00				
			227 19				
	"	96	25 00				
	"	97	20 00				
	"	98	19 47				
8	"	99	25 00				
	"	100	50 25				
8	"	101	50 00	July	11	Deposit	370 00
9	"	102	100 00			Int. on note	17 53
	"	103	16 86		15	Macdona'd	74 75
10	"	104	25 00		24	Deposit	1,000 00
	"	105	15 00		30	"	1,000 00
	"	106	208 89			Discount	5,925 20
	"	107	15 00				
11	"	108	200 00				
	"		10,000 00				
	"	109	18 00				
13	"	110	1 80				
	"	111	230 00				
	"	112	100 00				
	"	113	10 00				
	"	114	75 00				
17	"	115	25 00				
18	"	116	15 00				
	"	117	11 25				
	"	117a	25 00				
20	"	118	25 00				
21	"	119	24 27				
	Note	120	1,600 00				
22	Cheque	121	100 00				
	"	122	23 00				
23	"	123	10 00				
	Carried forward.....		\$ 15,008 45				\$23,485 37

ERNEST PACAUD, in account with *La Banque du Peuple, Quebec*—Continued

Dr.

Cr.

			Brought forward.....	\$15,008 45				Brought forward.....	\$23,485 37
July	24	Cheque	124	212 50					
		"	125	80 00					
	25	"	126	50 00					
	25	"	127	285 36					
	27	"	128	10 00					
	30	"		3,000 00					
		"		3,000 00					
		"	129	5 00					
		"	130	154 04					
		"	131	21 71					
		"	132	100 00					
		"	133	500 00					
		"	134	15 00					
		Balance		1,093 31					
				\$23,485 37					\$23,485 37
August	1	Cheque	135	118 25	August	1	Balance	1,093 31	
		"		75 00		5	Deposit	534 00	
	3	"	136	100 00		6		500 00	
		"	137	300 00			Discount	2,441 00	
		"	138	10 00					
		"	139	70 00					
	6	"	140	28 66					
		"	141	11 17					
		"	142	100 00					
		"		2,500 00					
		"	143	20 00					
	7	"		534 95					
		"	144	20 00					
	8	"	145	12 50					
		"	146	5 00					
	10	"	147	50 00					
		"	148	45 00					
	11	"	149	30 00					
		"	150	30 00					
	13	"	151	10 00					
	14	"	152	40 00					
	21	Protest		2 54					
		Balance		457 14					
				\$4,570 21					\$4,570 21
Sept.	5	Note and Protest	153	202 54	Sept.	1	Balance	457 14	
		Cable	154	5 75		12	Deposit	100 00	
	10	Cr. in London, £80 ...	155	400 00		28	"	100 00	
	11	Cable	156	5 50			Discount	1,432 00	
	28	Note and Protest	x	1,452 02		29	Deposit	3,000 00	
	29	Cheque	157	1,000 00					
		"	158	1,136 55					
				\$4,202 36					\$5,089 00
				Carried forward.....					Carried forward....

EST PACAUD, in account with La Banque du Peuple, Quebec—Continued

Cr.

	Brought forward.....	\$4,202 36		Brought forward	\$5,089 99
29	Surpl. of interest.....	13 30			
	Cheque 159	239 87			
	“ 160	65 46			
30	“ 161	300 00			
	Balance	269 00			
		\$5,089 99			\$5,089 99
1	Cheque 162	16 11	Oct.	1	Balance
2	“ 163	80 85			269 00
	“ 164	10 00			55 08
	“ 165	10 00			
	“ 166	10 00			
	“ 167	10 00			
	“ 168	113 35			
3	“ 169	18 10			
5	“ 170	6 75			
		87			
	“ 171	50 00			
		\$324 03			\$324 03

EXHIBIT No. 89.

(Translation)

THE UNION BANK.

Date of issue.	Date of acceptance.	DETAILS.	No. of voucher.	Dr.	Cr.
July. 10	8	Deposit this day.....			\$60,000
10	11	Cheque produced. Deposit at the Banque du Peuple.....	1	\$500 00	
11	11	Cheque produced of the Union Bank : Savings Bank.....	2	25,000 00	
11	11	Cheque produced to pay note signed by me, endorsed by Messrs. Mercier, Tarte, C. A. P. Pelletier and C. Langelier.....	3	8,000 00	
11	11	Cheque produced. \$8,000.00 divided as follow: Deposit at the Merchants Bank \$2,000; deposit at the Union Bank, Savings Bank Upper Town \$2,000; deposit at credit of C. Langelier, at La Banque du Peuple, \$3,000. The balance employed to pay election and other accounts "Godreau" \$1000.....	4	8,000 00	
11	11	Note produced, cheque lost. Note signed by me, endorsed by Messrs. Mercier, Tarte, C. A. P. Pelletier, and C. Langelier.....	5	5,000 00	
11	14	Cheque produced. Current office expenses.....	6	29 00	
11	17	Cheque produced. Barthe, corresp, Ottawa..	7	25 00	
21	21	Cheque produced for \$7,000, and divided as follows : Deposit Merchants' Bank..... \$2,000 Deposit Union Bank, Savings Bank.. 1,000 Deposit, Banque du Peuple..... 1,000 Deposit C. Langelier, Banq. du Peuple 500 Handed to Hon. C. Langelier.. 1,500 Paid Armstrong's draft 1,000	8	7,000 00	
22	22	Cheque produced. To pay note of 1st April signed by me, endorsed by Messrs. Mercier, Tarte Senator Pelletier, C. and F. Langelier, note discounted by Mr. Demers, broker...	9	5,000 00	
23	24	Cheque produced. Money lent to Demers....	9a	8,000 00	
Aug. 9	10	Cheque produced. Bill of exchange on Paris, private.....	10	1,500 00	
9	10	Cheque produced. Ed. Ficken, architect, private.....	11	1,000 00	
9	10	Cheque produced. Money from Stocking.....	12	50 00	
10	10	Cheque produced. Money lent to Mr. Barthe	13	500 00	
10	10	Cheque produced. Deposit with Chs. Langelier.....	14	500 00	
		Carried forward.....		\$60,104 00	\$60,000

THE UNION BANK—Continued.

Date of issue.	Date of acceptance.	DETAILS.	No. of voucher.	DR.	CR.
		Brought forward.....		\$ 60,104 00	60,000 00
August	10	No cheque. Money for my trip ; personal (at the Senate).....	14a	1,000 00	
9	11	Cheque produced. Ticket to return by the <i>Parisian</i>	15	210 00	
	11	Cheque missing. Ticket on board the <i>S. S. Touraine</i> , paid to Mr. Harris (at the Senate)	15a	280 00	
	13	Deposit.....	15b		500 00
9	24	Cheque produced. Ed. Garneau.....	15c	100 00	
	28	Cheque produced. Emile Tanguay.....	16	300 00	
Sept.	28	Deposit.....	16a		200 00
October	1	Cheque produced. Xavier Warren.....	17	157 56	
	18	do do John Warren.. ..	18	17 03	
		Balance on 9th July, 1891.....			1,559 00
		Balance at credit, to be brought forward.....		90 41	
				\$62,259 00	62,259 00

EXHIBIT No. 89a.

Translation.

The Union Bank of Canada, in account with Ernest Pacaud.

Date.	DETAILS.		Dr.	Cr.
1891				
July 9	Balance to credit.....			\$ 1,550 00
10	Deposit.....			60,000 00
11	Cheque.....	1	\$ 500 00	
"	".....	2	25,000 00	
"	".....	3	8,000 00	
"	".....	4	8,000 00	
"	".....	5	5,000 00	
14	".....	6	29 00	
17	".....	7	25 00	
21	".....	8	7,000 00	
22	".....	9	5,000 00	
24	".....	9a	8,100 00	
Aug. 10	".....	10	1,500 00	
10	".....	11	1,000 00	
10	".....	12	50 00	
10	".....	13	500 00	
10	".....	14	500 00	
"	".....		1,000 00	
11	".....	15	210 00	
12	".....		280 00	
13	Deposit.....			500 00
14	Cheque.....	15a	100 00	
28	".....	16	800 00	
Sept. 28	Deposit.....			200 00
Oct. 1	Cheque.....	17	157 56	
"	".....	18	17 03	
	Balance to credit.....		90 41	
			\$62,259 00	62,259 00

Certified copy of the account.

E. E. WEBB,
Cashier.*Union Bank of Canada, Savings Department, in account with
Ernest Pacaud.*

1891				
July 10...	Balance to credit		\$ 25,000 C	
11..	Deposit.....			0 2
Aug. 10...	Cheque.....		\$ 00 20	
	Balance to credit.....		25,000 00	
			\$ 25,000 20	\$ 25,000 2

Certified copy of the account.

E. E. WEBB,
Cashier.Union Bank of Canada,
Quebec, 17th October, 1891.

EXHIBIT No. 90.

(Translation.)

MERCHANTS' BANK.

Date of issue.	Date of acceptance.	DETAILS.		Dr.	Cr.
July 11	11	Deposit. Money drawn from the Union			
22	22	Bank			2,000 00
Aug. 10		Mr. Dumoulin to guarantee discounts at La			
		Banque du Peuple.....		3,000 00	2,000 00
Sept. 28		Cheque divided as follows :			
		Deposit at La Banque du Peuple.....	100 00		
		" the Union Bank.....	200 00		
		Paid to Hon. G. Irvine.....	500 00		
		" Chs Deguise.....	100 00		
		" M. Powell	100 00		
				1,000 00	
				\$4,000 00	\$4,000 00

EXHIBIT No. 91.

(Translation.)

Money on hand :

Banque du Peuple, Savings Branch.....	\$ 447 85
Banque du Peuple, deposit to guarantee discount.....	3,000 00
Union Bank.....	90 41
Union Bank, Upper Town.....	55 25
Merchants' Bank.....	62 74
National Park Bank, New York.....	20,000 00
Cash.....	1,800 00
	<hr/>
	\$25,456 25

EXHIBIT No. 86-1.

(Translation.)

\$5,000.

18,178

QUEBEC, 15th April, 1891.

LA BANQUE NATIONALE,
15th April, 1891,
Quebec.

One month after date, for value received, I promise to pay, to the order of the Honourable Honoré Mercier, at the office of the Union Bank, the sum of five thousand dollars.

(Signed), ERNEST PACAUD.

Endorsed—Honoré Mercier, Chs. Langelier, C. A. P. Pelletier,
F. Langelier, Ernest Pacaud.

QUEBEC, 14th May, 1891.

LA BANQUE NATIONALE,
Paid
15th May, 1891,
8 Quebec 3

The Banque Nationale. Pay to (note of the 18th May) or bearer, five thousand dollars.

(Signed), ERNEST PACAUD.

EXHIBIT No. 88-1.

(Translation.)

\$5,000.00.

15,506.

QUEBEC, 28th February, 1891.

LA BANQUE NATIONALE,
28th February 1891,
Quebec.

Two months after date, for value received, I promise to pay, to the order of the Honourable Honoré Mercier, the sum of five thousand dollars.

(Signed) ERNEST PACAUD.

Endorsed—Honoré Mercier, F. Langelier, Chs. Langelier
C. A. P. Pelletier, Ernest Pacaud.

Protested for non payment, Quebec, 1st May, 1891 ; costs, \$3.58. C. T., N. P.

\$5,000.

QUEBEC, 6th May, 1891.

Paid
6th May, 1891,
Quebec.

The Banque du Peuple. Pay to (M. note) or bearer, five thousand dollars.

(Signed), ERNEST PACAUD.

EXHIBIT No. 88-3.

(Translation.)

2,000.00.

QUEBEC, 2nd March, 1891.

LA BANQUE DU PEUPLE,
Paid
6th May 1891,
Quebec.

Two months after date, I promise to pay to the order of J.-Israël Tarte, at his office in Quebec, two thousand dollars, for value received.

(Signed) CHS. LANGELIER.

Endorsed—J. Israël Tarte, Ernest Pacaud.

QUEBEC, 6th May, 1891.

2,150.00.

LA BANQUE DU PEUPLE.

Pay to..... or bearer, two thousand one hundred and fifty dollars, for value received.

(Signed) ERNEST PACAUD.

EXHIBIT No. 88-10.

(Translation.)

1,000.00

QUEBEC, 31st March, 1891.

Two months after date, I promise to pay to the order of Ernest Pacaud, one thousand dollars, for value received.

(Signed), J. ISRAEL TARTE.

Endorsed—Ernest Pacaud, F. Langelier.

BANQUE DU PEUPLE,
11th May, 1891,
Quebec.

1,000.00.

QUEBEC, 11th May, 1891.

LA BANQUE DU PEUPLE.

Pay to (Tarte's note) or bearer, one thousand dollars.

(Signed), ERNEST PACAUD.

BANQUE DU PEUPLE,
11th May, 1891,
Quebec.

BANQUE DU PEUPLE,
Paid
11th May, 1891,
Quebec.

EXHIBIT No. 88-16.

\$400.00.

QUEBEC, 21st April, 1891.

Twenty days after date, I promise to pay to my own order, at my office in Quebec, four hundred dollars, for value received.

(Signed), **ISRAEL TARTE.**

UNION BANK OF CANADA,
Paid 11th May, 1891,
Quebec.

Endorsed—J. Israël Tarte, Chs. Langelier, Ernest Pacaud.

The property of the
Union Bank of Canada.

QUEBEC, 11th May, 1891.

\$400.00.

LA BANQUE DU PEUPLE.

Pay to (note of U. B.) or bearer, four hundred dollars.

(Signed) **ERNEST PACAUD.**

Paid
12th May, 1891,
Quebec.

EXHIBIT No. 89-8.

\$3,000.00.

QUEBEC, 1st April, 1891.

UNION BANK,
Paid 11th July, 1891,
Quebec.

Four months after date, for value received, I promise to pay to the order of the Honourable Honoré Mercier, the sum of three thousand dollars.

(Signed), **ERNEST PACAUD.**

Endorsed—Honoré Mercier, J. Israël Tarte, C. A. P. Pelletier and Chs. Langelier.

\$3,000.00.

324

QUEBEC, 4th August, 1891.

To the Cashier of the Union Bank of Canada.

Pay (my note for \$3,000.00, endorsed by H. M.) or bearer, three thousand dollars.

(Signed), **ERNEST PACAUD.**

EXHIBIT No. 89-5.

QUEBEC, 10th March, 1891.

BANK OF CANADA,
11th July, 1891,
Quebec.

Four months after date, for value received, I promise to pay, to the order of the Honourable Honoré Mercier, the sum of five thousand dollars.

(Signed), ERNEST PACAUD.

Endorsed—Honoré Mercier, J. Israël Tarte, C. A. P. Pelletier, Chs. Langelier.

EXHIBIT No. 89-9.

QUEBEC, 1st April, 1891.

BANQUE NATIONALE,
1st April, 1891,
Quebec.

Four months after date, for value received, I promise to pay, to the order of the Honourable Honoré Mercier, the sum of five thousand dollars.

4th August. (Signed), ERNEST PACAUD.

Endorsed—Honoré Mercier, J. Israël Tarte, C. A. P. Pelletier, Chs. Langelier, F. Langelier, G. Demers.

QUEBEC, 22nd July, 1891.

BANK OF CANADA,
July, 1891, accepted
Quebec.

To the Cashier of the Union Bank of Canada, pay to.....or bearer, five thousand dollars.

BANK OF CANADA,
July, 1891, Paid,
Quebec.

\$5,000. (Signed), ERNEST PACAUD.

EXHIBIT No. 89-9a.

\$3,000.00.

QUEBEC, 1st April, 1891.

THE BANQUE NATIONALE,
6th April, 1891,
Quebec.

Four months after date, for value received, I promise to pay, to the order of the Honourable Honoré Mercier, the sum of three thousand dollars.

(Signed), ERNEST PACAUD.

Endorsed—Honoré Mercier, J. Israël Tarte, C. A. P. Pelletier, Chs. Langelier, F. Langelier, G. Demers.

(Attached.)

UNION BANK OF CANADA.
Certified, 22nd July, 1891,
Quebec.

QUEBEC, 22nd July, 1891.

UNION BANK OF CANADA.

UNION BANK OF CANADA.
Paid, 22nd July, 1891,
Quebec.

Pay.....or bearer, five thousand dollars.

(Signed), ERNEST PACAUD.

Exhibit No. 95.

(Translation.)

La Caisse d'Economie de Notre-Dame de Québec, No.....

Upper Town,

\$5,000.00.

QUEBEC, 2nd March, 1891.

O. E. N. D. Paid. Please pay to Ernest Pacaud or order, the sum of five thousand dollars, Upper Town. and charge to my account folio 20,661.

(Signed), HONORE MERCIER.

Endorsed—Ernest Pacaud.

Union Bank—per F. W. S.—To the credit of the Union Bank, Quebec.

(Signed), E. WEBB,

Cashier.

Caisse d'Eco-
nomie N.D.

EXHIBIT No. 96.*(Translation.)*

La Caisse d'Economie de Notre-Dame de Québec, No. 301.

Upper Town,

3,500.00

QUEBEC, 4th March, 1891.

C. E. N. D. Please, pay to..... or bearer, the sum of three thousand five hundred
 Paid. dollars, and charge to my account folio 20,632.

Upper Town.

(Signed), HONORÉ MERCIER.

Endorsed—Ernest Pacaud.

Caisse d'Economie N.D.

For credit of the Union Bank of Canada, Quebec.

(Signed), E. WEBB,
 Cashier.

No. 2.

EXHIBIT No. 98.*(Translation.)*

\$6,000.00

QUEBEC, 30th June, 1891.

1026.

Three months after date, for value received, I promise to pay, to the order of the
 Honourable Honoré Mercier, at the office of the Union Bank, in Quebec, the sum of six
 thousand dollars.

(Signed) ERNEST PACAUD.

Oct. 3. Endorsed—Honoré Mercier, Chs. Langelier.
 Good as a security, this 3rd October, 1891.

HONORÉ MERCIER,

EXHIBIT No. 99.*(Translation)*

QUEBEC, 15th April, 1891.

List of deposits and other disbursements made in connection with the contestations of
 Federal elections :—

Quebec West.....	\$1,017 00
L'Islet.....	1,030 00
Megantic	1,025 00
Richmond and Wolfe.....	1,025 00
Rimouski.....	1,030 00
Three Rivers	1,017 00
Champlain	1,017 00
Champlain	80 00
Champlain	10 00
Quebec Cen re.....	1,000 00
Montmorency	1,000 00

EXHIBIT No. 100.

ERNEST PACAUD in account with Union Bank of Canada.

Date.	Particulars.	Dr.	Cr.	Balance.	Days.	Interest
1891		\$ cts.	\$ cts.	\$ cts.		
30th April...	Balance.....		9,222 95			
1st May.....	Cheque	4,000 00				
1st do.....	Note	5,000 00				
2nd do.....	Cheque.....	100 00				
4th do	do	110 50				
18th June....	Interest on note.....	153 45				
4th July.....	Deposit		7,200 00			
6th do.....	Cheque.....	5,500 00				
10th do.....	Deposit		60,000 00			
11th do.....	Cheque	500 00				
11th do.....	do	25,000 00				
11th do.....	do	3,000 00				
11th do.....	do	8,000 00				
11th do.....	do	5,000 00				
14th do.....	do	29 00				
17th do.....	do	25 00				
21th do.....	do	7,000 00				
22th do.....	do	5,000 00				
24th do.....	do	3,000 00				
16th August.	do	1,500 00				
10th do.....	do	1,000 00				
10th do.....	do	50 00				
10th do.....	do					
10th do.....	do	500 00				
10th do.....	do	1,000 00				
11th do.....	do	210 00				
13th do.....	do	280 00				
13th do.....	Deposit.....		500 00			
	Balance at credit	465 00				
		\$ 76,922 95	76,922 95			

17th August, 1891.

EXHIBIT No. 101.

IN THE MATTER OF THE BAIE OF THE DES CHALEURS RAILWAY.

STATEMENT showing the offer made by the syndicate represented by A. Mr. Thom, Esq

1. Balance of subsidy.....	\$ 200,0
2. Subsidy for the Cascapedia bridge.....	50,
3. The Government agrees to pay to the company the subsidy of 800,000 acres of land. By a letter from Mr. Thom, dated the 24th April, 1891, the conversion is to be made at the rate of 70 cts. per acre, in money. By a letter of E. Moreau, Esq., Director of Railways, of the same date, Mr. Thom's letter is accepted, say 800,000 acres at 70 cts.....	560
Total.....	\$ 870

To pay the company's debts.

Statement showing John J. Macdonald's offer.....	\$400,000.00	
1. 40 miles at \$10,000 per mile, half payable when 20 of the 40 miles shall have been completed and that the 60 miles already built shall be placed in good order, and that the 20 miles remaining shall be advanced to the satisfaction of the Government for the completion of the whole work, the balance of the subsidy not to be paid until the road is completely furnished with good rolling stock to the satisfaction of your Government as per letter of the 5th November, 1890, to Hon. H. Mercier.		
2. Subsidy granted for the Cascapedia Bridge.....	50,000.00	
		450,000.00

I offered Mr. Riopel, the general manager of the Baie des Chaleurs Railway, for payment of the debts of the company, the sum of \$175,000, and to deposit that amount in the Bank of Montreal.

I also estimated to pay to Mr. Pacaud \$50,000 during the progress of the works.

I further undertook to deposit with the Government, to guarantee the interest, on bonds, \$840,000.00.

Quebec, 27th October, 1891.

EXHIBIT No. 114.

(Translation.)

THE BAIE DES CHALEURS RAILWAY COMPANY.

QUEBEC, 28th May, 1888.

HON. MR. MERCIER,

Prime Minister of the Province of Quebec,
Quebec.

r,

The Baie des Chaleurs Railway Company wishes to draw your special attention to the following facts :

It has built the 40 miles of its road, from the terminus at Matapedia, so that there remains 60 miles to construct to reach the port of New Carlisle and 80 miles further to reach that of Gaspé.

The construction of the 40 miles completed was very expensive, as may be easily ascertained by glancing at the rivers and broken ground of the country traversed by the first section. The company neglected nothing, so as to make all the work as solid as possible for a first class railway ; the foundations and buttresses of the bridges are of stone and the superstructure of steel, which shows the quality of the work performed. The large culverts and viaducts are also in masonry, so that the bed of the road is one of the most substantial that can be built.

The 60 miles remaining to build to reach New Carlisle comprise several large bridges especially at the following places:

Stewart River, Grand and Small Cascapedia River, Maria, Green, Jacquot, Watt & Leblanc streams, the Small and Grand River Bonaventure, the Cullens and Day streams. The total cost of these various bridges will exceed \$300,000. In addition, at Carleton Black Cape, it will be necessary to cut two large capes of rock for a considerable distance and to make a sort of revetment wall to prevent the sea from washing out the road bed. It is not necessary to say that these works must be very expensive. In many places the ground is broken and very undulating, which considerably increases the cost of the grading.

All these facts taken into consideration, the company is itself obliged to the Government of Quebec to grant it an additional subsidy or else to allow it to receive thirty-five cents payable on the section of its railway from Paspébiac to Gaspé, a distance of 80 miles in the first 80 miles of road from Matapédia to Paspébiac, in proportion as the road shall be completed, substituting these 35 cents for the last 35 cents payable on the portion of its railway from Matapédia to Paspébiac.

Railways built in other portions of the Province have the advantage of having terminus in or traversing large centres of population which subscribe largely to the benefits arising from railway communication. The Baie des Chaleurs Railway company has not this advantage. Throughout the whole region, traversed by its line, there is not a single village or noticeable collection of population, so that it cannot depend on any serious help from the municipalities.

There is another reason in favor of this request, and that is the impetus which the carrying out of this enterprise will give to colonization. With the exception of Maria, New Carlisle and Caplan, the localities traversed by the Baie des Chaleurs Railway have only a few inhabitants, that alongside the sea. On a distance of sixty miles it would be possible to open several ranges and to push colonization for a distance of about twenty miles into the interior, which would inevitably be done as soon as the road would furnish means of communication, which are now lacking. The carrying out of this enterprise would insure the prompt settlement of a territory approaching a million of acres of land, or sufficient to double the present population of this territory, which ought to be developed as much as possible.

There are other considerations which are self-evident:

The Baie des Chaleurs Railway will necessarily develop the commerce carried on on the north shore of the Gulf of St. Lawrence, commerce for which Gaspé and New Carlisle are already two of the principal outlets. Navigation between the north shore and Paspébiac up to the end of December in the autumn, the 15th of March in the spring, which gives about three months more than they lose now, lacking means of transport to send them to market. It is possible all winter with Europe, Brazil, West India, etc., for there are no means to be overcome, as it was established in 1876 by a committee of the House of Commons. It is important to mention the fact that this road has already been indicated by the House of Commons as being the shortest and easiest to communicate with Europe.

By way of Gaspé also is the shortest to reach Newfoundland and to cause the Province of Quebec to benefit from all the commerce that might be carried on with that colony. From Gaspé to St. George's Bay the distance is only 200 miles, and it is about 525 miles to reach St. John's, making the tour by the south of the Island. It is about the same distance between Halifax and St. John's by water, but taking Quebec as a point of departure there is a considerable difference in favor of the route by Baie des Chaleurs, as will be seen by the following table.

From Quebec to Gaspé—Railway	468 miles
From Gaspé to St. John's—Water.....	525 "
From Quebec to St. John's.....	993 "
From Quebec to Halifax—Railway.....	674 "
From Halifax to St. John's—Water.	525 "
From Quebec to St. John's.....	1199

As is shown, the route by Baie des Chaleurs is 206 miles shorter than by Halifax, that difference would also be considerably increased by the continuation of the projected railway across Newfoundland. That railway will be about 300 miles in length, which will make by that route a distance of nearly 968 miles from Quebec to St. John's, of which 200 only by water.

The commerce of Newfoundland deserves to be specially attended to. As is known, the inhabitants of that colony devote themselves, almost exclusively, to fisheries, and they export almost all the merchandise and alimentary produce which they consume such as wheat, flour, butter, etc. The farmers of the Province of Quebec would then have an excellent market for their produce as soon as direct communication would be opened up, simpler and easier with this market, by the opening of the Baie des Chaleurs Railway. The construction of this railway is therefore an enterprise of paramount interest and which consequently has special claims for provincial aid. To resume, the Baie des Chaleurs Railway is destined:

1. To open up to colonization the southern portion of the Gaspé region, one of the best and richest regions of the Province, a country capable of supporting 500,000 souls, comprising in its forests and its fisheries large sources of wealth.
2. To stimulate and develop the working of the fisheries on the north shore, and of Gaspé, as well as the mining and forest riches of that region, by placing them in easy and regular communication with the rest of the Province.
3. To get the benefit, for the Province, of the commerce of Newfoundland, by securing facilities of communication, which would insure the monopoly of that trade.
4. To open in the Province two seaports the nearest to Europe, one of which, Paspébiac, is accessible at all times during the winter or summer.

For all these reasons, Sir, the Baie des Chaleurs Railway Company deems itself justified in asking for the payment of the 35 cents of subsidy as above set forth in proportion as the works shall be completed.

By obtaining the additional aid asked for, the company will be in a position to energetically push forward the execution of its enterprise. It has made arrangements which will allow it to get the funds which it requires, as soon as the Government has acceded to its request.

The company hopes, Sir, that you will take into serious considerations the exceptional importance of the Baie des Chaleurs Railway and that your government will liberally encourage the enterprise which is now almost stopped owing to the pecuniary difficulties which it meets.

The whole respectfully submitted,

I have the honour to be

Sir,

Your obedient servant,

(Signed) THEODORE ROBITAILLE,

President.

EXHIBIT No. 116.

COPY of the Report of a Committee of the Honourable the Executive Council dated the 20th March, 1890, approved by the Lieutenant Governor on the 21st March, 1890.

No. 108.

Respecting the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works in a report dated the twentieth of March instant, 1890, sets forth.—

That by a resolution of the Legislative Assembly of this Province adopted *nomine contradiçente* at its sitting of the fifth of March instant, it was enacted: "That seeing the urgency of the case and without making it a precedent, this House desires that the Government adopt practical means to pay the wages of the persons who worked on section K of the Baie des Chaleurs Railway, to pay the farmers, who sold their produce in good faith and are not paid, as well as the board still due by the persons who worked on such section of railway, and all the privileged claims, and this out of the value of the work done and of materials on the spot as will be established by the Government engineer to be deducted from the subsidies to become due to the company "

That the Government engineer, Mr. L. A. Vallée on the 13th and 14th of March instant inspected the works done on the said section K of the Baie des Chaleurs Railway and was enabled to establish that the estimate prepared by the engineer in charge, Mr. Leduc, dated the 19th October last (1889) and produced on oath before the commission of enquiry, is exact, that is to say, that the works executed on the said section, represent a sum of \$24,343.01 and the materials delivered on the spot and intended to be employed on the works, represent an additional value of \$9,833.66 say in all the sum of \$33,376.67 for works executed and materials delivered upon said section K, the whole as appears by the inspection report of the said Mr. Vallée dated the eighteenth of March instant:

That by a special report, dated the 30th of January last, Mr. Charles Langelier appointed by commission dated the 5th of October, 1889, commissioner to inquire into the difficulties that arose on the Baie des Chaleurs Railway between the company of that name and its

contractors or sub-contractors, informed His Honour the Lieutenant Governor that the contractors and the sub-contractors of section K of the said road had not paid for either the work performed nor the material delivered on that notice, and that the greatest distress, consequently, prevailed in those localities.

That according to a statement prepared by the said Commissioner from information gathered at the time of section his inquiry and since, the amount so ~~due~~ for work, accounts for work, accounts for board and materials supplied is about twenty thousand dollars, which sum he recommends should be immediately paid, out of the subsidies voted to the said railway.

That when the said section K shall be completed, the Baie des Chaleurs Railway Company will have a right to seventy thousand dollars of subsidy from the Government of this Province. Basing himself on the above cited resolution of the Legislative Assembly, the Honourable the Commissioner recommends that the sum of twenty thousand dollars (\$20,000), to be taken out of the subsidy voted to the said company, be paid to Mr. J. C. Langelier, to be by him paid without delay in discharge of the said company to the workmen and laborers, to those who supplied building material and other privileged claimants, the whole according to the list of claims approved by the Commissioner, Mr. Charles Langelier, and annexed to the said report.

Certified,

(Signed),

GUSTAVE GRENIER,

Clerk of the Executive Council.

EXHIBIT No. 118.

COPY of the report of a Committee of the Honourable the Executive Council, dated the fourteenth of July, 1888, approved by the Lieutenant Governor on the 17th of July, 1888, No. 459.

Concerning the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works, in a report dated the 14th July inst. (1888), upon the prayer of the Baie des Chaleurs Railway Company to secure the sum of seventy thousand dollar subsidy to which it pretends to have a right, sets forth as follows :

That by its charter the said company is authorized to build a railway of 180 miles in length from Metapedia to Gaspé.

That by the Railway Subsidy Act of 1882, 45 Vic., ch. 28, it has a right to a subsidy of 10,000 acres of land per mile for the said length.

That under the Act 49-50 Victoria ch. 76, it has the right to convert that subsidy in lands into a subsidy in money, at the rate of 70 cents per acre, of which 35 cents payable after the completion of each ten miles and the other 35 cents after the Government has sold the lands.

That it has availed itself of that act and has converted its subsidy. It has now received the first 85 cents for a length of 20 miles which it has completed. But the difficulty which it met with in that part of its road which comes immediately afterward increased the cost so much that it could not continue its works unless a change is made in the method of paying its subsidy. That change was made at the last session of the Legislature, and consists in applying in the 80 miles, from the 20 miles already made as far as Paspébiac, the first thirty-five cents of subsidy coming to the last 80 miles from Paspébiac to Gaspé.

That it is important that the prompt completion of the road as far as Paspébiac be secured, as Paspébiac is the only seaport in the Province which is open throughout the whole year, and is a grand centre of the fisheries industry of Gaspé and Baie des Chaleurs. So long as the road has not reached there, it is useless for the company to attempt to raise its \$20,000 per mile of debentures which it is authorized to issue. But once the road has reached there the company could by the sale of its debentures be in a position to continue its works further.

The Honourable the Commissioner therefore recommends that the Government avail itself of the powers given by the act of the last session in this matter, and apply the first thirty-five cents of the said last 80 miles upon the 80 miles ending at Paspébiac.

That, as that would give the company the right to receive \$70,000 on the twenty miles already completed, the Honourable the Commissioner further recommends that the sum be paid to it, upon the condition set forth in the statute, that is to say: that the second thirty-five cents of the 80 miles from the 20 miles from Metapédia to Paspébiac be applied to the 80 miles from Paspébiac to Gaspé.

The Honourable the Commissioner recommends, however, that the Honourable Treasurer should retain out of this sum, the sum of eight thousand dollars, until the company shall have furnished proof that the privileged claims of the workmen, of those who supplied material, and claims for right of way, upon the part already in whole or partly built, be paid, the Government reserves the right, in the terms of the act passed in the last session, to impose the conditions it deems necessary to secure, the construction, within as short a delay as possible, of the railway as far as Gaspé Basin.

Certified.

(Signed),

GUSTAVE GRENIER,

Clerk of the Executive Council

EXHIBIT No. 127.**LIST OF SHAREHOLDERS OF THE BAIE DES CHALEURS
RAILWAY COMPANY.**

26th October, 1891.

NAMES.	Adresses.	Number of shares	Amount.		—
Robert H. McGreevy.....	Quebec.....	660	\$3,000	00	
Angus M. Thom.....	Montreal.....	70	8,500	00	
Samuel Shackell.....	".....	20	1,000	00	
James Cooper.....	".....	530	26,500	00	
Angus M. Thom, in trust.....	".....	4,670	233,500	00	
J. P. Dawes.....	".....	10	500	00	
Alexander Ewing.....	".....	10	500	00	
James Williamson.....	".....	10	500	00	
Will. Cassells.....	".....	10	500	00	
S. Lonergan.....	".....	10	500	00	
	Total.. ..	6,000	\$300,000	00	

EXHIBIT No. 128.**DEPARTMENT OF PUBLIC WORKS,**

QUEBEC, 14th May 1891.

A. M. THOM, Esq.,

*Secretary-Treasurer,**Baie des Chaleurs Railway Company.*

DEAR SIR,

I have the honour to acknowledge receipt of yours of the 12th instant, informing me of the election of the directors and officers of the Baie des Chaleurs Railway Company for the current year. The Government will appoint the two additional directors as provided by statute.

Yours truly,

(Signed),

P. GARNEAU,

Commissioner.

EXHIBIT No. 121

PROVINCE OF QUEBEC,
District of Montreal,
No. 1686.

SUPERIOR COURT

The twenty-seventh day of June, eighteen hundred and ninety-one.

Present:—The Hon. JUDGE PACHUELLO.

The Baie des Chaleurs Railway Company, a body politic and corporate, having its principal place of business at Quebec, in the District of Quebec,

Plaintiffs;

Henry MacFarlane, Railway Builder, of the City of Toronto, in the Province of Ontario, and Charles Newhouse Armstrong, Contractor, of the City of Montreal, in the District of Montreal, and Alexander F. Riddell, Accountant, and Thomas Watson, Contractor, both of the City and District of Montreal, in their capacity of joint curators to the insolvent estate of the commercial firm of "H. MacFarlane & Son," doing business in the Province of Quebec, consisting of Henry MacFarlane, the defendant above mentioned, and of George Henry MacFarlane, Contractor, of Toronto, in the Province of Ontario,

Defendants;

and

The said Company, plaintiffs,

Petitioners.

We, the undersigned, Judge of the Superior Court for Lower Canada, having heard the parties upon the petition presented the 6th June instant, by the company plaintiffs, in order to obtain the temporary and provisional use and occupation of the railway of the said company, constructed by the defendant MacFarlane, and of which he has remained in possession until this day by virtue of a clause inserted in the contract made between the parties for the construction of this road; also to obtain the temporary and provisional use and occupation of the rolling stock, building materials and tools for the purpose:—

1. Of repairing the sixty miles of the road already in part constructed by MacFarlane.
2. Of completing that part of the road and more particularly two bridges of which the foundations alone exist; 3. Of constructing the remainder of the road.

The whole subject to the legal possession of the defendant Watson and Riddell curators to the goods abandoned by the defendant MacFarlane, insolvent, and without prejudice to the rights and privileges which they can have upon the road and of which the nature and extent shall be determined by the final adjudication in this cause, having taken communication of the writings of the parties, the exhibits and proofs of record, and upon the whole deliberated:

Seeing that by contract between the defendants Armstrong and MacFarlane and the company plaintiffs, of date the 8th June, 1888, the defendant MacFarlane agreed to complete and finish the forty miles of a road of the company plaintiffs then in course of construction, and to furnish all the material for construction and rolling stock; 2. To construct twenty

miles of new road in addition to the forty miles, and that it was agreed among other things that the road then partially made with all the rolling stock and the twenty miles additional above mentioned should remain in the possession and under the control of the said MacFarlane, as additional guarantee until final payment of the whole sum, which he would have the right to recover from the company by virtue of said contract.

Seeing that the said MacFarlane, as well by himself as by the curators to the effects by him abandoned, has always been and is now in possession of the said road by him constructed and of the rolling stock connected therewith, as stipulated in the said contract; that on the one hand he is before this Court claiming against the company a sum exceeding \$400,000, for material by him furnished, and work done upon the said road according to the said contract, that this action, taken at Quebec under number 1339, has been transmitted to Montreal and joined to the present case for purposes of instruction, that on the other hand, the company plaintiffs have taken the present action to resiliate the said contract for non-execution, by the said MacFarlane, of part of his obligation, and demand to put themselves in possession of the road, and that these two actions are contested and still pending.

Considering that the debtor cannot claim the restitution of the security until after having entirely paid the debt guaranteed thereby (1975 C. C.) and that the Judge cannot deprive MacFarlane of the possession of the said road to deliver it to the company plaintiffs before accounts have been settled between the parties by a final judgment in the said actions, and that the company plaintiffs have paid to MacFarlane what they might owe him for the construction of the said road and the rolling stock;

Considering nevertheless that the plaintiffs demand, by their petition, not the possession but only the temporary and provisional use of the road, of its rolling stock, building material and tools for certain purposes of repairs and construction, and this without prejudice to the legal possession of the defendants and to the rights and privileges which they can have upon the road, and allege that the defendants are not in a position to terminate the contract and make the bridges in question; that the road is deteriorating as well as the rolling stock; that the platform of two important bridges have not been fixed; that the charter of the company will expire in 1892, for part of the road which will not be then constructed; that the company is exposed to lose the subsidies which have been voted for it by the Government of Canada and by the Legislature of Quebec; that it is under an engagement towards the Government of Quebec to make 40 miles of new road, and that it is impossible to perform this work without having the use of the 60 miles already constructed; that it has already paid in full the workmen's wages and certain other privileged debts contracted by MacFarlane; that the defendants are bound to maintain the security, and that their default to provide therefor authorizes the company plaintiffs to make the present demand, and that the company plaintiffs are perfectly solvent and in a position to pay in full the amount which may be adjudged to the defendants, and that the works which will be performed upon the sixty miles will increase the value of the security of MacFarlane;

Considering that the company has proved a greater interest on its part to complete the 30 miles of road undertaken by MacFarlane, and to use these 60 miles in order to continue the construction of the road; that the defendants are not in a position to finish the bridges in question, and that they do not draw any profit from the road in the state in which it now is; that the works which the company are to undertake will increase greatly the value of the 60 miles constructed by MacFarlane, and that the question raised is to know if it is possible to reconcile the demand now made by the company with the possession of the road by MacFarlane; if, in other words, the Court can grant to the company the temporary use of

the road and of the rolling stock for the purposes indicated without putting in danger the rights which the stipulated clause of retention in favor of MacFarlane can confer upon him.

Considering that the retention stipulated in favor of MacFarlane confers upon him rights 1st, against the company, 2nd, against the creditors of the company, that the pledge of an immovable confers upon the creditor to whom it is pledged the right of receiving the fruits of the immovable on condition of imputing them upon the debt and of retaining the immovable until final payment thereof (Art. 1967, C. C.), but that the privilege only exists in so far as the pledge remains in the possession of the creditor or of a third person agreed upon between the parties. (Art. 1970, C. C.)

Considering that with regard to the debtor the possession of the creditor can operate either personally or by an agent, and even by the debtor if the creditor makes him his agent or receiver, and that any agreement between them to that effect is valid and should be executed; that the Judge called upon to settle the rights of the parties according to law and equity can grant to the debtor provisional and temporary use of the thing pledged without prejudice to the rights of the creditor upon the claim, as against the debtor and that the partial possession which he may grant in such case to the debtor should be specified and should constitute for the debtor only a temporary possession for a special purpose, that besides the possession of the creditor does not prevent the proprietor from seeing to the preservation of the thing and from making repairs and new constructions which he may judge suitable, that the Court can always intervene to insure to the creditor the benefit of the pledge which is granted to him; that under these circumstances and in consideration of the facts of the case, and principally the greater interest of the plaintiff in not losing its charter in part and destroying the road, and the advantage which MacFarlane will have from the works which the company declares itself ready to perform, the Court would be justified in intervening to permit the proprietor to repair and complete the road as also to make use of it for the purpose of extending it, provided that it only gives to the company a temporary possession, under reserve of the rights which the clause of retention can confer upon MacFarlane as against the company, but that in this case the company could only demand the use of the road and rolling stock which are its own property, and cannot on any ground demand the building material and implements of MacFarlane.

AS REGARDS THE CREDITORS OF THE COMPANY.

Considering that the pledge of an immovable does not confer upon the creditor any privileges in the immovable itself, but only a right to receive the revenues, and to retain the immovable until payment (Art. 1967 and 1975), that it does not prevent the proprietor from selling the immovable or hypothecating it, that this subsequent sale or hypothec will rank before the pledge accorded to the creditor, if it has been registered before the title creating the pledge, that in this case the creditor's possession will be without effect as against the hypothecary creditors or the subsequent purchaser who have registered, that if the pledge has been registered before the subsequent sale or hypothecation the creditor to whom the pledge has been given could perhaps set up his title against the subsequent purchaser or hypothecary creditor, but that in every case the possession of the creditor holding the pledge would add nothing to his rights against the subsequent hypothecary creditor or purchaser and that their respective rights should be determined solely by priority of registration.

Considering that, if the agreement alleged creates in favour of MacFarlane no privilege upon the railway in question, the law does not confer one upon him, the privilege of the builder is only preserved by registration accompanied by special formalities, which MacFarlane does not allege that he has followed, and the right which would be assured to him in his case would be a privilege upon the greater value which the construction had given to

ovable, and not a right of enjoyment nor of retention ; that the builder's privilege is dependent of the possession of the immovable by the builder, and that the possession of the proprietor might grant him would add nothing to his privilege ;

considering that, in consequence, MacFarlane himself, in losing possession of the road, would be in a position more unfavourable than if he retained it, in regard to the prejudice of the hypothecary creditors of the company ;

considering that, as regards the chirographic creditors of the debtor, the pledge of an immovable assures to the creditor holding the pledge the enjoyment of the revenues of that immovable, and that the chirographic creditors of the debtor have no title to give them the enjoyment of it ; that, as between two purchasers of a movable, he who is in possession is preferred, that on this ground MacFarlane has an interest in not being dispossessed of the building which he has built, and of its rolling stock ;

considering, moreover, that the creditor has an absolute right of retention of the thing pledged, even when he does not derive any benefit therefrom, since such was the intention of the parties. But again the plaintiff does not pray for the dispossession of MacFarlane, but only wishes to know whether it is possible to reconcile that possession with the use which the company wishes to make of the road ;

considering that, if the possession of the creditor should dispossess the debtor and seize him, or, if it is to be real and effective, so that the creditor have the apparent control of the road as regards third persons, it does not follow that a debtor cannot reserve to himself the right to enter upon the immovable, in order to perform acts of repair and reconstruction ; that the possession of the creditor is not incompatible, with a certain use on the part of the debtor, for the preservation and the amelioration of the thing while the creditor is in exclusive possession ; that the possession of the creditor can be maintained by an intervention of the debtor as temporary possessor (*à titre précaire*), and even the assistance or the intervention of the debtor is necessary or useful, it is allowed on condition that it does not in any respect interfere with the seizure of the road ;

considering that the temporary use and occupation which the Court might accord to the company of the road and the rolling stock for the purposes indicated is not incompatible with the effective possession of the road by MacFarlane as against the chirographic creditors of the company ;

grant to the company plaintiffs the temporary use and occupation of the sixty miles of the company plaintiffs constructed by MacFarlane, starting from Metapedia, and of the rolling stock for the purposes : 1st. Of repairing and completing that part of the road particularly, by constructing thereon the bridges which are not finished. 2nd. Of continuing the construction of the road upon a further extent of forty miles ; the whole of the rolling stock to the legal possession of the defendants and without prejudice to the rights which they possess in virtue of the clause of retention above mentioned, and of their possession ; that the said MacFarlane and his curators preserve the possession and control of the road and of the rolling stock to the extent that they shall not be strictly bound for the purposes above specified, and saving the right to summarily revoke the powers above granted to the said company does not respect the possession of MacFarlane, or does not proceed against him in bad faith and good faith to the works above mentioned, and doth reject the said demands in so far as it concerns the building material and implements which are the property of the company.

Whole without costs.

EXHIBIT No. 136.**BAIE DES CHALEURS RAILWAY COMPANY.***Memo. for Hon. Mr. Abbott.*

Directors:—James Cooper, Prest.; James P. Dawes, Vice-Prest.; A. M. Thom, Sec'y. Treas.; Alexander Ewan, James Williamson, Wm. Cassels and M. S. Lonergan.

The total issue of capital stock, of which 10 per cent is paid up, is six thousand (6,000) shares of \$50 each.

Of this the directors hold five thousand three hundred and fifty (5,350) shares.

The new proprietors came into office 6th May, 1891, and they have undertaken with the Quebec Government to complete 40 miles (finishing 100 miles from Metapedia to Paspebiac) by 31st December, 1892.

The 60 miles already nearly constructed must be also finished and put in first rate order. This includes serious repairs and the erection of two considerable and other smaller steel bridges.

The company will do this at once, and are awaiting a judgment (in chambers) in the MacFarlane case, to proceed.

They have also contracted with Mr. J. Hogan, a reputable contractor, to build 20 miles from miles 60 to 80 this summer, and expect to close all arrangements to that end this week.

To finish the first 60 miles will cost \$50,000. Against this there is a balance of Federal subsidy, \$31,000.

The company has, for the 40 miles from Cascapedia to Paspebiac, from Quebec Government, \$7,000 per mile, less \$20,000, already, expended \$260,000.

From Federal Government, on section "K," miles 60 to 70, \$64,000.

From Quebec Government, special subsidy on Grand Cascapedia bridge, \$50,000.

Quebec Subsidy Act of last session devotes 800,000 acres to payment of debts, labour claims, &c.

This has been converted at 35 cents, equalling \$280,000.

At present, all claims in those counties for labour, and all privileged debts of Estate MacFarlane, are being paid out of this.

When judgment in suit of MacFarlane is rendered, it will be paid out of this also, and should there be a balance left, it will be accounted for to us at completion of 100 miles.

The bonds of the company are yet unsold.

EXHIBIT No. 137.

LA CAISSE D'ECONOMIE DE NOTRE-DAME DE QUÉBEC.		
—		
Folio.	QUÉBEC, 10th March, 1891.	
	X	1 —
	X	2 —
	X	4 —
	X	5 —
	X	10 —
	X	20 —
	X	50 —
	X	100 —
	X	500 —
Notes		
Cheques	4,000	
Gold.....		
Silver.....	4,000	

HONORÉ MERCIER.

Per A. C.

.....Dollars
100

.....

EXHIBIT No. 160.

(Translation.)

QUEBEC, 9th December, 1890.

THE HON. MR. PIERRE GARNEAU,
Commissioner of Public Works.

Sir,

I have the honour to submit you my final report upon the application of the \$28,546 which were entrusted to me to pay the claims of workmen and others against the first sixty miles of the Baie des Chaleurs Railway.

As you may observe by my first report, I paid in the locality, from the 28th November to the 6th of December, 1889, a sum of \$17,179.42. I forwarded to your department a nominal list of these payments and the receipts attesting the same. I have since paid in discharge of claims \$8,889.98. I forward to you with this report a list of these payments with the receipts attesting same. The costs occasioned by the payment on the spot amounted to \$320.58. Those of the inquiry amount to \$456.02 and have been paid out of the money given me. I send you the receipts for the same.

The application made by me of the \$28,547, given to me, is made up as follows :—

Dr. Amount of the cheque.....	\$28,546.00
Cr. Paid on account of claims.....	\$24,069.40
Paid for expenses.....	2,476.60
	<hr/>
	28,546.00

You will allow me, sir, to observe, with respect to the expenses that those of the inquiry apply to section K as much as to the first sixty miles, and it seems to me that in justice, they should be equally divided against the subsidy coming to each part of the road, that is to say, one-half on the subsidy coming to the sixty miles of Mr. Macfarlane & Son and half on that of section K, to the east of the Grand River Cascapedia. As these expenses amount to \$2,456 02, that would be \$1,078.01 to be taken from the Macfarlane & Son's sections to the benefit of section K, belonging to Mr. Armstrong.

Now, these are the reasons which prevented me from making the balance of the payments as fast as I would have wished.

As you know, Sir, the Ontario Bank, on knowing that the Government was paying that balance of subsidy, protested, under pretext that these \$28,546.00 belonged to it under a transfer of the subsidy comprising a much larger amount. I had nothing to do with these pretensions of the bank, but so as to proceed with more safety and not to expose the Government to embarrassments, I thought it better to wait, as far as possible, the decision of that contestation.

In addition to that, the larger part of the claims paid since the 6th December, 1889, were neither produced at the enquiry nor admitted by Macfarlane & Son. The difficulty was soon further complicated by these gentlemen being put into bankruptcy and the placing of their books of account in the assignees' hands, Messrs. Riddell and Watson, of Montreal. It

became almost impossible, owing to this incident, to verify the claims produced after the inquiry. I did not think it prudent to pay, without verifying, in every case, the validity of the claim, so as not to expose the Government to pay twice for the same thing. It is evident that, if we had paid claims that were not due or were not admitted, the parties interested would have refused to admit these sums, when the Government had rendered account for the application of the balance of the subsidies, and the Province would have lost them.

I have the honour to be,

Sir,

Your obedient servant,

(Signed), J. C. LANGELPER.

EXHIBIT No. 168.

ARTICLES OF AGREEMENT made in duplicate this seventh day of November, in the year of Our Lord one thousand eight hundred and eighty-five.

BETWEEN HER MAJESTY QUEEN VICTORIA, acting in respect of the Dominion of Canada, and herein represented by the Honourable the Minister of Railways and Canals, of the first part, and

THE BAIE DES CHALEURS RAILWAY COMPANY, of the second part.

WHEREAS by an Act passed in the forty-seventh year of Her Majesty's reign, chapter eight, the necessary authority was given by the Parliament of Canada for the expenditure of the sum of three hundred thousand dollars for the construction of a branch of the Intercolonial Railway, from Metapedia eastwards, towards Paspebiac, twenty miles, in the Province of Quebec.

And whereas the tenders called for this work were in excess of the amount authorized, and under date the first of May, A. D. 1884, the Baie des Chaleurs Railway Company holders of a Provincial charter for the construction of a line from Metapedia to Paspebiac and beyond to Gaspé Basin, which company, further, is subsidized by the Local Government of Quebec and by the Dominion Government.) submitted a proposition to construct the said twenty miles of road from Metapedia eastward, towards Paspebiac, as a part of their own line, under the supervision of the Government Engineer of the Dominion, and subject to such conditions as the Governor in Council may see fit to impose, the said Company receiving therefor the said sum of \$300,000 voted for said road in the session of the year 1884, and revoked in 1885.

And whereas by two Orders of His Excellency the Governor General in Council, bearing date the eighteenth day of September and twenty-eighth day of October, A. D., 1885, the said Minister has been duly authorized to enter into contract with the said Company and to place in their hands the work of building and equipping the said twenty miles of road from Metapedia eastward, towards Paspebiac, under Government supervision and certain conditions hereinafter mentioned.

Now, therefore, the Baie des Chaleurs Railway Company do covenant and agree with Her Majesty the Queen, in consideration of the subsidies granted as hereinbefore and hereafter mentioned :

1st. That the said Company shall and will well and truly and faithfully make, build, construct, complete and equip a line of railway from Metapedia eastwards, towards Paspebiac, twenty miles, the points and route and course being shewn on the map, marked F and profile marked G, duly signed by the parties and remaining of record in the Department of Railways and Canals, where reference thereto may be had, and all the works and equipment appurtenant to said line of railway, according to the description and specifications hereunto annexed, marked A, and to the plans respectively marked B, C, D and E, duly signed by the parties hereto and remaining of record in the Department of Railways and Canals, where reference thereto may be had; and that the said Company will build, construct, complete and equip the said line of railway, and shall perform all Engineering services whether in the field, or in preparing plans or doing other office works, to the entire satisfaction of the Governor in Council.

2nd. That the gradients and alignment shall be in conformity with the plan of location marked F, and profile, marked G, aforementioned.

3rd. That the Company shall and will furnish bills of quantities of the whole line of railway in sections of four miles and that before the work is commenced on any section, such bills of quantities shall be approved by the Governor in Council, and before any payments are made, the Company shall furnish such further returns as may be required to satisfy the Minister as to the relative value of the works executed with that of the works remaining to be done.

4th. That the Company have already commenced the works embraced in this agreement, and will carry on the same with all reasonable despatch, and so that the whole line of railway from Metapedia eastwards, towards Paspebiac, 20 miles in length shall be completed by the first day of July, A. D., one thousand eight hundred and eighty-eight.

5th. That the Company will, upon and after the completion of the said line of railway and works appertaining thereto (if the said line of railway be or become the property of the Company as hereinafter provided), truly and faithfully keep the same, and the rolling stock required therefor, in good, sufficient and proper working and running order, and shall continuously and faithfully operate the same.

6th. That the said line of railway and works appertaining thereto, shall be built, equipped and completed in all respects in accordance with the said annexed specifications.

7th. And that (in the event of Parliament not disapproving of the present arrangement) the said line of railway and works appertaining thereto, together with all the franchises, rights, privileges, property, personal and real, of every character, shall, upon the completion of the said line of railway and works appertaining thereto, be the property of the Company.

8th. It is hereby clearly understood that Her Majesty's Government of Canada, provisionally accept the offer of the said Company above cited, to make this section a part of the line, the said company undertaking to maintain and operate it as such, and that this arrangement is made with a view to this issue, conditionally as aforesaid.

9th. In consideration of the promises and upon the terms and conditions hereunto and hereinafter mentioned, Her Majesty agrees to grant, and does hereby grant, to the Belles Chaleurs Railway Company, the said sum of three hundred thousand dollars for

miles of railway so to be constructed as aforesaid, payable out of the Consolidated Fund of Canada in five payments, that is to say, for each portion of the said work be equal in value to one-fifth of the whole work undertaken, such proportion to be fixed by the report of the Minister of Railways and Canals, and payment to be made on a certificate of the Chief Engineer of Government Railways after its approval by the Board in Council.

1. That the payment hereinbefore mentioned of the said sum of three hundred and fifty dollars voted for the building of the said road, which is now proposed to be made by the said Company, shall cover the price and costs of constructing and equipping the road, the bridges and other works, the price and cost of all the land and property necessary for the said road, station grounds and other property, including rolling stock, and all costs of operating, and everything necessary to complete and equip the railway.

2. It is hereby further specially provided that if Parliament should disapprove of the said arrangement during the next session thereof, then the said section of twenty miles shall not be the property of the said Company, but shall belong absolutely to the Government of Canada, in the condition it may then be in; the works shall then be stopped, the said contract shall be thereby absolutely null and void, and no further moneys in such connection shall be payable therefor by Her said Majesty, or on claims arising therefrom, over and above moneys which may then have already been paid or which may be payable under a current certificate of the Chief Engineer.

In witness whereof the Baie des Chaleurs Railway Company have caused their corporate seal to be affixed hereto, and these presents to be signed by the President and by the Secretary of the said Company, and the Minister of Railways and Canals hath hereunto subscribed and caused these presents to be sealed and countersigned by the Secretary of the Department of Railways and Canals.

by the President and by the Secretary of the said Company, the corporate seal of the Company having been hereto affixed, in the presence of

L. J. RIOPEL.

ELZÉAR AUBÉ.

(Signed,)

THÉODORE ROBITAILLE,
President B. C. R. Co.

"

L. A. ROBITAILLE,
Secretary B. C. R. Co.

{ Seal. }

and sealed by the Minister of Railways and Canals, in the presence of

H. A. FISSIAULT.

M. DESJARDINS.

(Signed,)

J. H. POPE,
Minister of Railways and Canals.

"

A. P. BRADLEY,
Secretary.

{ Seal. }

EXHIBIT No. 169.

ARTICLES OF AGREEMENT made and entered into this seventh day of November, in the year of Our Lord one thousand eight hundred and eighty-five.

BETWEEN "The Baie des Chaleurs Railway Company," of the first part, and Her Majesty Queen Victoria, represented herein by the Minister of Railways and Canals, of the second part.

WITNESSETH, that whereas it is, in and by an Act passed in the session of the Parliament of Canada, held in the forty-sixth year of Her Majesty's reign, chapter twenty five and intituled "An Act for authorizing subsidies for the construction of the lines of Railways therein mentioned," amongst other things in effect enacted that "it shall be lawful for the Governor in Council to grant to the Baie des Chaleurs Railway Company, for 100 miles of their Railway from Metapedia, on the Intercolonial Railway, to Paspébiac, in the Province of Quebec, a subsidy not exceeding three thousand two hundred dollars per mile, nor exceeding in the whole three hundred and twenty thousand dollars, the said subsidy to be granted to such company, it being provided therein that the line of Railway shall be commenced within two years from the first day of July, 1883, and completed within a reasonable time, not to exceed four years from and after the passing of this Act (25th May, 1883) to be fixed by Order in Council, and according to descriptions and specifications to be approved by the Governor in Council on the report of the Minister of Railways and Canals, and specified in an agreement to be made by the company with the Government, such subsidy to be payable out of the Consolidated Revenue Fund of Canada by instalments on the completion of each section of not less than ten miles of Railway, proportionate to the value of the portion so completed in comparison with the whole work undertaken, to be established by the report of the said Minister.

Provided always, that the granting of such subsidy shall be subject to such conditions for securing such running powers or traffic arrangements, and other rights, as will afford reasonable facilities and equal mileage rates to all railways connecting with that so subsidized, as the Government in Council may determine.

And whereas provision has already been made, and by another agreement of even date herewith for the construction and maintenance thereafter as a part of their own line of the first twenty mile section of the company's proposed railway, that is to say, from the Metapedia station of the Intercolonial Railway, to a point twenty miles eastwardly therefrom toward Paspébiac, and for the payment thereof out of a sum of Three hundred thousand dollars voted in the session of Parliament of the year 1884, and revoked in 1885, as a branch of the Intercolonial Railway, it has been agreed, and it is hereby agreed, that so much of the subsidy of three thousand two hundred dollars per mile voted in 1883, for the whole line from Metapedia to Paspébiac, as had reference to the said first twenty mile section of said Railway, shall cease to apply to the said first twenty mile section, and that the present agreement shall apply only to the further eighty miles of the said line of railway.

AND WHEREAS the Governor in Council has duly approved of the descriptions and specifications hereto annexed, marked "A," as the descriptions and specifications for the construction of the railway from a point where the first 20 mile section mentioned in the other agreement of even date herewith, may terminate eastwardly from Metapedia station

of the Intercolonial Railway, and extending therefrom to Paspebiac, a distance of about eighty miles.

NOW THIS AGREEMENT WITNESSETH, that in consideration of the said subsidy to be paid in the manner aforesaid, "The Baie des Chaleurs Railway Company," covenants and agrees, and with Her Majesty, Her Heirs and successors, in manner following, that is to say :—

1. That the Company shall and will well, truly and faithfully make, build, construct and complete a line of railway from a point where the first 20 mile section mentioned in another agreement of this day may terminate eastwardly from Metapedia station of the Intercolonial Railway and extending therefrom to Paspebiac, a distance of about 80 miles, the points and approximate route and course being shown on the map hereunto annexed, marked "B;" and all bridges, culverts and works appurtenant thereto, and will build, construct and complete the said line of railway, bridges, culverts and all engineering services, whether in the field, or in preparing plans or doing other office works, to the entire satisfaction of the Governor in Council.

2. That the Company shall and will locate and construct the said line of railway on as straight a course as practicable, between the points above mentioned, with only such deviations as may seem absolutely indispensable to avoid serious engineering obstacles, and shall be allowed by the Governor in Council.

3. That the gradients and alignment shall be the best that the physical features of the country will admit of in conformity with the aforesaid specification hereto annexed, marked "A."

4. That the Company shall and will furnish profiles, plans and bills of quantities of the whole line of railway in ten mile sections, and that before the work is commenced on any ten mile sections, such profiles, plans and bills of quantities shall be approved by the Governor in Council, and before any payments are made, the Company will furnish such further returns as may be required to satisfy the Minister of Railways and Canals as to the relative value of the works executed with that remaining to be done.

5. That the said Company have commenced the works embraced in this agreement and shall complete the same on or before the twenty-fifth day of May, A.D., eighteen hundred and eighty-seven, time being declared to be material and of the essence of this contract, and in default of such completion as aforesaid, on or before the said date, the Company shall forfeit all right, claim or demand to any and every part of the subsidy remaining unpaid, as well as to any moneys whatever which may be at the time of the failure of the completion as aforesaid due and owing to the Company.

6. That the Company will, upon and after the completion of the said line of railway and works appertaining thereto, truly and faithfully keep the same, and the rolling stock required therefor, in good, sufficient working and running order, and shall continuously and faithfully operate the same.

It is hereby further agreed that Her Majesty's Government of Canada shall undertake to request authority from Parliament, at its now next Session, to pay over to the Company, for the section comprised between the 20th and the 40th mile, including said 40th mile, eastward, from Metapedia (which now shall constitute the first 20 mile section of the 80 miles now to be built), the sum of \$3,200 per mile voted in 1883 for the first 20 mile section,

eastward from Metapedia, so that the total amount payable for the first 20 mile se the said 80 miles, shall be \$6,400 a mile in place of \$3,200; and that the said Co however, shall not be entitled to such additional subaidy unless and until the Parl of Canada shall have duly authorized such additional payment.

7. That the Company will build, construct and complete the said line of railw works appertaining thereto in all respects in accordance with the specification annexed, market "A"; and upon a line of location to be approved of by the Gove Council.

8. That the granting of the said subsidy shall be subject to such conditions for a such running powers or traffic arrangements and other rights as will afford all rea facilities and equal mileage rates to all railways connected with the said line of rai subsidized as the Governor in Council may determine.

9. And that the said line of railway and works appertaining thereto, together , the franchises, rights, privileges, property, personal and real, of every character, sha completion of the said line of railway and works appertaining thereto, be the prop the Company.

IN WITNESS WHEREOF, "The Baie des Chaleurs Railway Company" have cause corporate seal to be affixed hereto and these presents to be signed by the President, the Secretary of the said Company, and the Acting Minister of Railways and Cana hereunto set his hand and caused the same to be sealed and countersigned by the Se of the Department of Railways and Canals.

Signed by the President and by the Secretary of the said Company, the corporate seal of the Company having been hereunto affixed, in the presence of

(Signed), L. J. RIOPEL.

" ELZÉAR AUBÉ.

(Signed)

THÉODORE ROBITAIDL
President B. C

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L. A. ROBITAILLE,
Secretary B. C.

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Signed and sealed by the Minister and by the Secretary of the Depart-ment of Railways and Canals, in the presence of

(Signed), H. A. FISSIAULT.

" M. DESJARDINS.

(Signed)

J. H. POPE,
Minister of Railways and

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A. P. BRADLEY,

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EXHIBIT No. 170.

ARTICLES OF AGREEMENT made in duplicate, entered into this second day of June, A. D., 1888.

BETWEEN Her Majesty Queen Victoria, represented herein by the Honourable John. Henry Pope, Minister of Railways and Canals, of the first part, and the Baie des Chaleurs Railway Company, of the second part, hereinafter called "The Company":—

WHEREAS by the Act forty-sixth Victoria, chapter twenty-five, the Governor in Council was authorized to grant to the Baie des Chaleurs Railway Company, incorporated by Act of the Legislature of the Province of Quebec, a subsidy not exceeding three thousand two hundred dollars per mile, nor exceeding in the whole three hundred and twenty thousand dollars, for one hundred miles of their railway from Metapedia, on the Intercolonial Railway, to Paspébiac, in the Province of Quebec, and by the Act forty-seventh Victoria, chapter eight, further authority was given to the Governor in Council to grant a subsidy not exceeding in the whole three hundred thousand dollars, for a branch of the Intercolonial Railway from Metapedia eastward, towards Paspébiac, twenty miles, in the Province of Quebec, subject in both cases to certain conditions mentioned in the said Acts respectively; and whereas the said Company, by two separate instruments, designated as articles of agreement, made in duplicate, between Her Majesty Queen Victoria and the Company, both bearing date the seventh day of November, one thousand eight hundred and eighty-five, have undertaken to construct, in the manner and subject to the conditions set forth in the said instruments respectively, as well the said twenty miles as the remaining eighty miles of the railway from Metapedia to Paspébiac.

AND whereas by the Act 49 Vic., ch. 17, the two instruments of agreement hereinbefore referred to were approved and confirmed, and whereas a considerable portion of work has been executed by the Company under the said agreements and in pursuance of the said last mentioned Act upon the first forty miles of the said line of railway, from Metapedia eastward, the said forty miles being now nearly completed, and whereas the Company have applied for assistance from the Government of Canada towards the completion of the remaining sixty miles of the said railway, and it has been agreed by and between the Government of Canada and the Company, subject to the approval of Parliament, that the subsidy of \$3,200 per mile, applicable for the last thirty miles of the said railway ending at Paspébiac shall be made applicable to the thirty miles of railway immediately to the westward thereof, being the section commencing with the forty-first mile of the said railway running eastward from Metapedia and the seventieth mile, to the intent that there may be applicable to the said thirty miles of railway as a Government subsidy the full sum of \$6,400 per mile; and it has been further agreed, subject to the approval aforesaid, that as a security for the due completion of the last thirty miles of the said railway in pursuance of the agreements and statutes in that behalf, the said last thirty miles to be constructed without subsidy from the Government of Canada, the Company should transfer to the Government bonds to the amount of \$200,000 of the character described in sections 13 and 14 of the Company's charter (ch. 53 of the Acts of 1882, Quebec). Now this agreement witnesseth that in consideration of the premises and of the sum of \$1, lawful money of Canada, now paid by each of the said parties to the other, the receipt whereof is hereby by each of them respectively acknowledged, Her Majesty the Queen, subject to the approval of the Parliament of Canada, doth hereby agree to and with the Company that the Government of Canada shall pay to

the Company as a subsidy for the completion of that section of the said Railway, beginning with the 41st mile and going eastward and ending with the 70th mile, at the rate of \$3,200 per mile in addition to the subsidy already applicable to the said section in pursuance of the agreements and statutes in that behalf, such subsidy to be payable at the time and in the manner, and subject to the same conditions as the said subsidy already provided for is applicable thereto.

It is further agreed between the parties that the Company hereby waives and gives up all right to be paid any subsidy or receive any sum of money under any contract heretofore existing between the parties of any statute in that behalf in respect to the said last thirty miles of the said 100 miles of railway, the company hereby undertaking and agreeing to construct and complete the same in pursuance of the said contract and statutes without a further subsidy from the Government of Canada; and it is hereby further agreed between the parties that before any money shall become payable to the Company under this contract, the Company shall deposit with the Government, as security for the completion of the last 30 miles of the said railway, the Company's first mortgage bonds to the amount of \$200,000, issued under and in pursuance of sections 13 and 14 of their charter, it being hereby understood that the issue of which such bonds are to form a part, shall not exceed in amount the sum of \$20,000 per mile on the said 100 miles of railway, and shall extend over the whole railway.

It is hereby further agreed between the parties that except as in this agreement stated, the the said two agreements hereinbefore referred to shall continue valid and have full force and effect. It is further agreed between the parties hereto, that the Government of Canada shall undertake to request authority from Parliament at its next session to ratify and confirm this agreement and everything herein contained.

This agreement is executed subject to and shall only operate upon such authority and ratification being obtained from Parliament as aforesaid.

In witness whereof the Honourable John Henry Pope, Minister of Railways and Canals as aforesaid, has hereunto set his hand and caused the same to be sealed and countersigned by the Secretary of the Department of Railways and Canals, and the Company have also caused their corporate seal to be affixed thereto, and the President and Secretary of the said Company having also signed these presents the day and year first above written.

Signed and sealed by the
Minister and by the Secretary of the Department of
Railways and Canals, in
the presence of

(Sgd.)

J. H. POPE,

Minister of Railways and Canals.

(Sgd.)

A. P. BRADLEY,

Secretary.

(Seal.)

(Sgd.) F. A. FISSIAULT.
“ L. H. FILTEAU.

Signed by the President
and Secretary of the Com-
pany and the corporate
seal of the Company hav-
ing been affixed in the pre-
sence of

(Sgd.)

THÉODORE ROBITAILLE,

President.

(Sgd.)

L. A. ROBITAILLE,

Secretary.

(Seal.)

(Sgd.) H. A. FISSIAULT.
“ L. H. FILTEAU.

EXHIBIT No. 171.

On this ninth day of the month of June, in the year eighteen hundred and eighty-six.

Before me, William B. S. Reddy, the undersigned Notary Public duly admitted and sworn, residing and practising in the City of Montreal, in the District of Montreal, and Province of Quebec.

Appeared Charles Newhouse Armstrong, of the City of Montreal, Railway Contractor, hereinafter called "the contractor,"

And the Baie des Chaleurs Railway Company, a body politic and corporate, having its chief office and place of business at Quebec, in the Province of Quebec, and herein acting and represented by the Honourable Théodore Robitaille, of the City of Quebec, the President thereof, and hereunto for all purposes of these presents duly authorized by a resolution of the Directors of the said Baie des Chaleurs Railway Company, passed at a meeting of said directors duly called, and held at the City of Quebec. on the twenty-fifth day of May last, a duly certified copy of which resolution is hereunto annexed and signed *ne varietur* by the parties hereto and by the undersigned notary, said Baie des Chaleurs Railway Company, hereinafter called "the company," of the second part.

Now, therefore, these presents witness that the contractor has contracted and hereby contracts and undertakes all the works necessary to construct, build, equip, and in every respect complete the Baie des Chaleurs Railway from Metapedia, in the Province of Quebec, to its terminus at Paspebiac, a distance of about one hundred miles, more or less, and which said works and said contract have been undertaken by said contractor, and let to him by said Company upon the following terms, conditions, considerations and stipulations, to wit :

The works hereby undertaken by said contractor are intended to include and shall include all works of construction and materials required and necessary in the making, building, equipping, and in every respect completing of said Baie des Chaleurs Railway from Metapedia aforesaid, and shall comprise all clearing, close cutting, grubbing, fencing, excavations, embankment, draining, ditching, foundation works, bridge and culvert masonry, crib work, bridge superstructure, cattle guards, diversions of the post road, road and farm crossings, permanent way and ballasting, rails and track laying, water tanks, turn-tables, wood-sheds, passenger and freight stations of a suitable size at an average distance of about seven miles apart, such stations not to be inferior to those on the North Shore Railway, with efficient siding accommodation, also an engine house with accommodation for three engines at each end of the line, also the necessary blacksmith and repair shops with necessary tools and appliances, as the engineer may deem suitable and proper for the ordinary repairs of rolling stock, also locomotive engines and rolling stock as the same are more fully described and set forth in the specifications hereunto annexed, and a telegraph line with single wire, with posts, insulators and all necessary apparatus for telegraphing, together with all other works, whether temporary or permanent, which may be necessary for the entire completion of said road or railway, and in accordance with the specifications hereunto annexed and signed by the parties hereto *ne varietur* and specially referred to as forming part of these

presents, said specifications being those provided by the Government of Canada, and forming part of the contract between the said Government and the Company.

The said detailed specifications for the first twenty miles shall also apply to the next eighty miles of the line to Paspebiac as regards the manner of performing the work and the quality of the materials used.

The present contract has been made and entered into by the said contractor for and in consideration of the sum of twenty thousand dollars per mile payable as follows: The sum of six thousand four hundred dollars per mile, to be paid to the said contractor, by a transfer to him of the subsidies payable to the Company by the Dominion Government, and also for and in consideration of the further sum of thirteen thousand six hundred dollars per mile, to be paid to him by the transfer and delivery to him of first mortgage bonds of the said Railway Company, payable in twenty-five years, bearing interest at the rate of five per centum per annum, said bonds forming a portion of a first issue of fifteen thousand dollars per mile, which said first issue shall be secured by a first lien and mortgage on the land grant of the company and on the railway of the company and all its appurtenances and belongings.

Also for and in consideration of the payment and transfer of one-half interest in the franchises, rights and titles of the Company, the same to be delivered to the contractor upon the completion of the line to Paspebiac, by the assignment and delivery to the said contractor of paid up shares in the capital stock of the Company to an amount equal to the total number of shares then issued and held by the shareholders of the said company, which said shares shall also be fully paid up. The total subscribed stock of the Company shall not exceed seven hundred and fifty thousand dollars at the time the said transfer of shares and payment is to be made to the contractor as above stipulated.

Should the Legislature of Quebec authorize the payment of cash or Government bonds or other securities in lieu and stead of lands granted to the company, the contractor shall be paid and receive the said cash, bonds or other securities in lieu of an equivalent amount of the above mentioned bonds of the Railway Company, and the amount necessary to make up the said sum of thirteen thousand six hundred dollars per mile shall be paid by the company in cash or in first mortgage bonds of the company, as the company may select.

The land grant bonds to be issued by the Company in conformity with the provisions of this contract shall be as nearly as possible of the same form and tenor and subject to the same general conditions as the land grant bonds issued by the Canadian Pacific Railroad Company. It is distinctly understood that though the said bonds appear to bear interest payable semi-annually, yet no interest shall accrue and be payable until after the completion of the line to Paspebiac.

During the construction of the first forty miles of the line, monthly estimates will be furnished by the engineer of the Company, and the contractor shall receive eighty-five per cent. of said estimates in cash as soon as such amount of cash shall be received from the Government of Canada or Quebec. The whole amount of cash to be so paid on the first forty miles shall not exceed an average of twelve thousand dollars per mile on the whole distance.

or shall a sum exceeding one hundred and fifty thousand dollars be paid on any one section of ten miles.

The balance of the contract price (less fifteen per cent. to be retained by the company as a guarantee for the completion of the whole line to Paspebiac) shall be paid to the contractor upon the completion of each ten miles, in bonds of the issues above referred to, or in cash, or in Government bonds or other securities, as the Company may select.

During the construction of the line from the end of the first forty miles to the terminus at Paspebiac, the contractor shall be paid in cash sixty per cent. of the monthly estimates of the Company's engineer; and upon the completion of each section of ten miles, and as soon as the subsidies from the Government of Canada and Quebec shall have been received for the said ten miles section, the contractor shall receive out of the said subsidies the balance of his contract price for the said section, less fifteen per cent. to be retained as a guarantee until the completion of the line to Paspebiac. All the said payments shall be made in a proportion of cash and debentures of the company as will be necessary to establish the payment of the whole of the price of this contract in the proportion of six thousand four hundred dollars in cash, and thirteen thousand six hundred dollars in debentures of the company for each mile, the same as provided by clause three of this contract. The remaining fifteen per cent., together with the fifteen per cent. previously retained on the first forty miles, shall be paid to the contractor upon the completion of the line to Paspebiac, to the satisfaction of the engineer of the Company, and in accordance with the terms of this contract; but only after delivery by the said engineer to the said contractor of a certificate of acceptance of the said railway, in working order and in every respect completed under the terms and conditions of this contract, and after deducting all sums which may then be payable by the said contractor to the said Company for damages or reimbursements under some or any of the stipulations of this contract.

The Company shall have the option at all times to pay in cash or Government bonds or other Government securities any amount which by the terms of this contract is stipulated payable in bonds of the Company.

The estimates made by the engineer of the Company shall in all cases be based upon an average price of twenty thousand dollars per mile, and upon the comparative cost of the work on each section of ten miles for which the estimates are given.

The Company hereby agrees to transfer to a trustee to be mutually agreed upon within fifteen days from the date hereof the subsidies payable by the Governments of Canada and Quebec respectively, for the purpose of securing the due payment of the money that may become due, and payable to the contractor by the terms of this contract, and the said trustee will be authorized to pay the said contractor or his order, out of the said subsidies, each and every amount to which the contractor shall be entitled by the terms of this contract.

The Company shall loan to the contractor all plans, profiles, books of reference, and field books now in their possession, and they, together with all plans, profiles, books of reference and generally all maps and other work done by the engineers in connection with the carrying out of this work shall, at its completion, be returned to the Company.

The contractor shall provide the funds necessary for the purchase of the right of way and land for station purposes, but the Company binds itself to hand over to the contractor, as compensation for so much, such sums as it shall or may receive from the municipalities for right of way and for station purposes; all other disbursements in connection with obtaining said right of way and station grounds, the completion of the titles thereto, and registering same shall be borne by the contractor.

The contractor shall have the right to use the name of the Company in all proceedings in connection with the expropriation of land for right of way or station grounds.

In the present contract the words "works or work" shall, unless the context requires a different meaning, mean the whole of the work and materials, matters and things required to be done, furnished and performed by the contractor under this contract. The word "engineer" shall mean the engineer of the Company at the time the reference is made, and shall extend to and include any of the assistants acting under his instructions,—and all instructions and directions, or certificates given or decisions made by any one acting for the said engineer, shall be subject to his approval, and may be cancelled, altered, modified and changed as to him may seem fit.

The contractor will, at his own expense, provide all and every kind of labour, machinery, plant, lands for borrow pits, ballast pits, spoil banks and other purposes, temporary or otherwise, required for the works or in the construction thereof, and materials, articles and things whatsoever necessary for the due execution and completion of all and every the work required in the building and making of said railway, and in accordance with the plans and drawings already prepared and which may hereafter be prepared for the purpose of the work, and will execute and fully complete the respective portions of such works, and will begin the work of construction not later than fifteen days after the date hereof, and complete the first forty miles of the line on or before the first day of July, one thousand eight hundred and eighty-seven, and deliver the said railway to said Company completed by the first day of July, eighteen hundred and eighty-eight (1888). The work to be constructed of the best materials of their several kinds, and finished in the best and most workmanlike manner, and in the manner required by and in strict conformity with this contract and specification annexed, and the plans and drawings now and hereinafter to be prepared and furnished by the contractor and approved by the engineer of the Company, and to be executed to the complete satisfaction of the said engineer.

The engineer shall be the sole judge of the quality and quantity of the work, and his decision and measurement shall be final and conclusive between the Railway Company and the contractor. Upon the completion of all said works, the contractor shall clear away all rubbish and unnecessary material.

A competent foreman shall be kept on the ground by the contractor during all working hours, to receive the orders of the engineer, and should the person so appointed be deemed by the engineer incompetent, or conduct himself improperly, he may be discharged by the engineer and another shall at once be appointed in his place, such foreman shall be considered as the lawful representative of the contractor, and shall have full power to carry out all requisitions and instructions of the said engineer. In case of any material or other things, in the opinion of the engineer, not in accordance with the said several parts of this contract or not sufficiently sound or otherwise unsuitable for the respective works, be used for or brought to the intended work or any part thereof, or in case any work be improperly executed, the engineer may require the contractor to remove same and to provide

proper material or other things, or properly re-execute the work, as the case may be, and thereupon the contractor shall and will immediately comply with the said requisition, and if twenty-four hours shall elapse and such requisition shall not have been complied with, the engineer may cause such material or other things, or such work to be removed, and in any such case the contractor shall pay said Company all such damages and expenses as shall be incurred in the removal of such materials or of such work, or said Company may, in its discretion, retain or deduct such damages and expenses from any amounts payable to the contractor.

If at any time during the progress of the work, in the opinion of the engineer, the force employed, or the rate of progress then being made, or the general character of the work being performed, or the material supplied or furnished are not such as to ensure the completion of the said works within the time stipulated, or in accordance with this contract, the Company shall be at liberty to take any part or the whole works out of the hands of the contractor, and employ such means as they may see fit to complete the works at the expense of the contractor, and the contractor shall be liable for all extra expenditure incurred thereby; or the Company shall have power at their discretion to annul this contract. Whenever it may become necessary to take any portion or the whole work out of the hands of the contractor or to annul the contract, the Company shall give the contractor seven clear days' notice in writing of their intention to do so, such notice being signed by the President of the Company, or by any other person authorized by the Company, and the contractor shall thereupon give up quiet and peaceable possession of all the works and materials as they then exist; and without any other or further notice or process or suit at law, or other legal proceedings of any kind whatever, or without its being necessary to place the contractor *en demeure*. The Company, in the event of their annulling the contract may forthwith, in their discretion, proceed to re-let the same or any part thereof, or employ additional workmen, tools and materials, as the case may be, and complete the works at the expense of the contractor, who shall be liable for all extra expenditure which may be incurred thereby, and the contractor or his assigns or creditors shall forfeit all right to the percentage retained and to all money which may be due on the works, and they shall not molest or hinder the men, agent or officers of the Company from entering upon and completing the works as the Company may deem expedient. All materials and things whatsoever, and all horses, machinery and other plant provided by the contractor for the purposes of the works shall remain and be considered as the property of the Company for the purposes hereinafter mentioned. Should the contractor at any time fail, refuse or neglect to pay any sum due for the work done or supplies furnished or for any other matter connected with this contract, the Company may pay any of such claims, so far as they can be ascertained, and charge the same as a payment on account of this contract.

It is understood that the said contractor shall be at the expense of locating said line of railway where not at present located, and doing all other engineering work required. The contractor shall have the right to locate the line in the most advantageous manner, and to make such alterations in the present location as he may see fit, provided the line is not materially lengthened, and that such alterations are approved by the engineer of the Company, and that they are not contrary to the terms of the contract between the Company and the Government of Canada. The contractor shall deliver to the Company the plan and profile of each section of ten miles of the line for their approval before commencing the work on each said section.

The said Company shall be placed in, and shall take possession of said road, on the said first day of July, eighteen hundred and eighty-eight (1888), up to which date the contractor

shall have the right of running trains over and upon said road for his own advantage; but after the completion of the first forty miles of the line, the contractor shall be bound to run a train twice a week, in each direction, over the said forty miles. In the event of the said forty miles not being completed on the said first day of July, eighteen hundred and eighty-seven, and in the event of the whole of said road not being completed on said first day of July, eighteen hundred and eighty-eight, the Company shall have the right of taking possession of said road and all its appurtenances, with all tools, materials, horses, machinery and plant, and of completing said road and the works thereon and of running the same at the costs and charges of the contractor.

The contractor shall be responsible for all damages or loss done or sustained in the course of the progress of the works, either to the works themselves, or to the material provided for the same, by change of season, or by fire or flood, or by robbery, theft or otherwise, all of which shall be at the risk of the contractor; and the contractor shall hold the Company harmless and indemnified from all damages and trespass caused by the neglect or omission, of whatsoever nature done or committed by the contractor or by any person in his employ or in the employ of any sub-contractor, to or upon any neighboring lands, orchards, gardens, or other premises, in the course of the progress of the works. And the Company shall be entitled to charge to the contractor all amounts paid by the Company from or by reason of the said neglect, omission or act, and to deduct the same as payments on account of this contract.

The contractor shall not in any way sell, transfer, let or sub-let this present contract with the Company to any person or persons without the approval of the Board of Directors of the Company expressed by a resolution passed to that effect.

Nothing contained in this agreement shall be considered or construed as being comminatory, but shall be held to be absolute, without which these presents would not have been passed, nor as constituting or creating personal liability upon or by the President and Directors of the Company or any of them towards the said contractor.

The contractor shall not permit, allow or encourage the sale of any spirituous liquors on or near the works.

Any notice, which it may become necessary or desirable to be given by the Company to the contractor, under or touching these presents, shall be deemed to be well and sufficiently notified, or given, if the same be left at the contractor's office, or mailed in any post office to the contractor, registered and addressed to him at Montreal, or to his last known place of business.

Done and passed, at the City of Quebec, in the Province of Quebec, on the day, month and year hereinabove firstly written, under the number four hundred and ninety-nine, and after due reading the parties have signed with, and in presence of the said undersigned notary, and the seal of said Company is hereto attached.

(Signed)

THEODORE ROBITAILLE,

President of the B.C.R. Co.

L. A. ROBITAILLE,

Secretary of B. C. R. Co.

CHARLES N. ARMSTRONG,

WM. B. S. REDDY, N. P.

{ L. S. }

A true copy of the original hereof remaining of record in my office.

EXHIBIT No. 172.

BAIE DES CHALEURS RAILWAY COMPANY,—SECRETARY AND TREASURER'S OFFICE,

QUEBEC, 16th June, 1888.

EXTRACT of the minutes of a meeting of the Board of Directors of the Baie des Chaleurs Railway Company, held at the office of the Company, in the City of Quebec, on the twenty-fifth day of May, one thousand eight hundred and eighty-six.

" It is resolved that the President of this Company be and is hereby authorized to execute a contract with the said Charles N. Armstrong, on the terms and conditions of the draft of agreement hereto annexed, for the construction of this Company's Railway, from Metapedia to Paspébiac, and that the said contract be signed by the President on behalf of this Company, and countersigned by the Secretary, and the seal of the Company be affixed hereto.

" It is further resolved, that the President be empowered to execute and sign all deeds, transfers of subsidies, bonds or debentures, and any other document required to fully carry out the terms of the said contract."

{ [L. S.] }

Certified true exact,
(Signed),

L. J. RIOPEL,
Assistant-Secretary.

THIS INDENTURE made in duplicate this eighth day of June, one thousand eight hundred and eighty-eight, by and between Charles Newhouse Armstrong, hereinafter called "the contractor," of the first part, and Henry Macfarlane, hereinafter called the "sub-contractor," of the second part.

WITNESSETH :—

THAT in consideration of the covenants and agreements on the part of the contractor hereinafter contained, the said sub-contractor covenants and agrees with the said contractor as follows :—

THAT the said sub-contractor will, at his own cost, provide all and every kind of labor, machinery and other plant, materials, articles and things whatsoever necessary for the due execution and completion of all and every the following works on the Baie des Chaleurs railway, which railway said contractor is now under contract to build, that is to say :

1. The said sub-contractor shall complete and finish the forty miles of said railway now partially constructed and built, and shall provide rolling stock additional to that already in said work to the amount and extent specified in the Schedule of Rolling Stock hereunto annexed.

2. The sub-contractor shall build twenty miles of new road in extension of said forty miles, the whole to be built and completed in accordance with said contractor's contract with said Company and under the direction of said Company's Chief Engineer, and in accordance with the plans and specifications, referred to in said contract, which contract

and specifications are herein referred to as furnishing the criterion by which said work is to be executed, and the same shall also be completed to the satisfaction of the Dominion Government Engineer.

3. The said work shall be completed by the first day of January, one thousand eight hundred and eighty-nine.

IN CONSIDERATION of the foregoing undertaking on the part of said sub-contractor, the said contractor obligates himself to pay the said sub-contractor as follows :

1. For all expenditure necessary for the purchase of stock, rails, steel bridges, right of way, and other necessary material, as well as engineering, the said contractor shall pay to the said sub-contractor, in addition to the actual costs, five per cent, on the total amount, together with the interest, which said Sub-contractor may be obliged to pay to the bank advancing the necessary funds.

2. For all labor required to complete the said forty miles partially completed, the said sub-contractor shall be paid, in addition to the actual cost of the same, twelve and a half per cent.

3. For the twenty miles of new road in extension of said forty miles, the said contractor shall pay to said sub-contractor the prices as detailed in the schedule of prices hereunto annexed, and paraphed by said parties *ne varietur*.

AND FOR SECURING the said payments to be made by said contractor to said sub-contractor, the said contractor hereby agrees to execute a notarial transfer of the subsidies granted by the Government of Canada towards the construction of said railway and applicable to said sixty miles of railway amounting to sixty-two thousand dollars upon the first forty miles, also the sum of one hundred and twenty-eight thousand dollars, applicable to the twenty miles of new road in extension of the forty miles, that is to say : forty to sixty, and also the sum of seventy thousand dollars granted by the Quebec Government on said twenty miles of new road, and furnish to said sub-contractor all necessary power and authority to obtain said subsidies, which subsidies shall be paid in trust into some chartered bank to be named by the said sub-contractor, and paid out to him as the work progresses and as the same shall have been earned from the Government, and upon the completion of said work and of this contract, whatever balance may remain of said subsidies, after paying said sub-contractor in full, shall be paid over to said Company.

THE SAID CONTRACTOR further agrees that said Company will in all things ratify and confirm these presents, and obligate themselves jointly and severally with said contractor for the payment to said sub-contractor of all sums of money to which he may become entitled in virtue of this contract and of the fulfilment of the same on his part.

THE RAILWAY now partially completed, with all rolling stock thereon, as well as that portion from said forty to sixty miles to be built, with all appurtenances pertaining thereto, shall remain in the possession and under the control of said sub-contractor as additional security, until the final payment of all sums of money to which he may be entitled under this agreement.

THE CONTRACTOR'S engineer shall be under the control of said sub-contractor in the execution of this contract.

THIS AGREEMENT shall not be executory nor have any force or effect until the following conditions are complied with, viz :—

The contractor shall obtain an Order in Council from the Government of Canada fixing the time for completing the said work until the first day of January, 1889.

The said Baie des Chaleurs Railway Company shall become a party to this agreement and shall ratify and confirm the same, and obligate themselves jointly and severally with said contractor for the payment of all sums of money which may become due to him in consequence of this agreement.

The subsidies above mentioned shall be legally transferred to said sub-contractor in the manner above set forth.

THESE THREE conditions are of rigour and are to be complied with within ten days from the date hereof, otherwise this agreement shall be null and void.

WITNESS WHEREOF the said parties have signed and executed these presents at the City of Montreal, the day and year first above mentioned.

sealed and delivered in the presence of	}	(Signed),	C. N. ARMSTRONG.
Signed), D. LEDUC.		"	H. MACFARLANE.

I, the undersigned, Théodore Robitaille, President of the Baie des Chaleurs Railway Company, hereby confirm and ratify, on behalf of said Company, the above written agreement and obligate the said Company, jointly and severally with the said contractor for the performance of said contract, to said sub-contractor, of all sums of money to which he may become entitled in consequence of said contract and of the fulfilment of the same on his part.

(Signed), THÉODORE ROBITAILLE.

Quebec, 14th June, 1888.

SCHEDULE OF PRICES referred to in contract made on the 8th day of June between Newhouse Armstrong and Henry Macfarlane :—

Clearing per acre.....	\$ 20 00
Close cutting per acre.....	40 00
Grubbing per acre.....	100 00
Fencing per rod.....	0 90
Gates each	2 00
Earth excavation on section (H) per cubic yard.....	0 22
Solid rock excavation per cubic yard.....	1 25
Loose rock excavation "	0 60
Earth excavation on section (J) per cubic yard.....	0 24
Hardpan or cemented material "	0 40
Earth excavation in foundations "	0 50

Cross logging per sq. yard.....	0 80
Timber in coffer dams per thousand feet board measure....	30 00
Rip rap per cubic yard	1 50
Stone drains "	2 00
Masonry 1st class "	15 00
" 2nd class "	9 00
" 3rd class dry "	8 00
Paving "	8 00
Crib work filled "	2 10
Cedar timber in culverts, cattle guards, per thousand feet board measure	20 00
Pine shingles in work per thousand feet board measure.....	30 00
Timber in trestles " "	35 00
Timber in foundations " "	15 00
Road crossings and sign-boards each	20 00
Farm crossings, each.....	12 00
Ties, each	0 18
Tracklaying per mile.....	225 00
Ballasting per cubic yard	0 25
Station building	1,200 00
do	800 00
Day's work at cost plus 12½ per cent.	
Iron in work per pound.....	0 05

Sub-contractor to be allowed five per cent. on total cost of all rails and connection switches and iron bridges, also on cost of right of way and engineering.

The contractor to furnish all the necessary rolling stock free of charge.

(Signed) C. N. ARMSTRONG,
" H. MACFARLANE.

The following is the list of rolling stock required for the first sixty miles of the Baie des Chaleurs Railway :—

- 2 Engines.
- 1 First class passenger car.
- 1 Second class "
- 1 Baggage and postal car.
- 10 Box cars.
- 10 Flat cars.
- 1 Iron plow.
- 1 Flanger.

This is the Schedule of rolling stock referred to in the agreement hereto attached.

(Signed) THEODORE ROBITAILLE,

*President of the Baie des Chaleurs
Railway Company*

(Signed) C. N. ARMSTRONG,
" H. MACFARLANE.

EXHIBIT No. 173.

AMOUNT of estimates of work done by C. N. Armstrong on account of contract with the
es Chaleurs Railway Company, as per the estimates of the Company's Engineer.

7th May.....	Estimates to date.....	\$ 480,060 64	
" "	Payments to date.....	285,000 00	\$ 195,060 64
1st January.....	Estimates to date.....	\$ 737,892 75	
" "	Payments to date.....	405,300 00	\$ 332,592 75
1st July.....	Estimates to date.....	\$ 770,723 69	
" "	Payments to date.....	440,300 00	\$ 330,423 69
19th October.....	Estimates to date.....		
7th January	Co's Engineer, \$1,235,297.55.		
" "	Extra materials, &c. 25,837.97		
		\$1,260,635 52	
	Payments to date	945,274 93	\$ 315,360 59

EXHIBIT No. 174.

PAYMENTS MADE BY THE GOVERNMENT OF THE DOMINION.

21st	Paid to G. B. Burland.....	\$ 60,000
29th	" " "	60,000
30th	" " "	60,000
5th	" Halifax Banking Co., Uniak & Morton's agents.....	30,000
20th	" G. B. Burland.....	40,000
17th	" Bank of Toronto, Montreal, \$12,000 to the order of C. N. Armstrong.....	20,000
29th	" Bank of Toronto, Montreal	6,700
"	" Halifax Banking Co.....	23,600
1st	" Bank of Toronto.....	15,200
1st	" " "	17,100
"	" " "	30,000
"	" Bank of Ontario.....	9,000
"	" " "	3,900
5th	" Bank of Toronto.....	18,950
"	" Halifax Banking Co.....	1,700
"	" Bank of Ontario.....	16,500
"	" " "	57,200
24th	" Bank of Toronto.....	1,850
"	" Halifax Banking Co.....	325
"	" Bank of Ontario.....	1,650
"	" " "	800
"	" " "	49,700
		\$524,175

EXHIBIT No. 175.**PAYMENTS BY QUEBEC GOVERNMENT.**

1887					
January	18	G. B. Burland, assignee.....		\$35,000	00
July	2	" " ".....		50,650	00
"	9	A. L. Light, for inspection.....		350	00
October	15	G. B. Burland.....		4,000	00
December	12	R. Uniak & L. G. Murton, assignee.....	34,804	00	
"	12	A. L. Light, for inspection.....	196	00	35,000 00
1888					
February	27	J. Murray Smith, in trust, assignee.....	25 000	00	
"	27	" " per L. J. Riopel.....	9,650	00	
"	27	A. L. Light, for inspection.....	350	00	35,000 00
July	19	L. A. Robitaille, Secretary-Treasurer.....		62,000	00
December	14	" " less paid A. Light \$468.50....		35,000	00
"	14	Manager of the Ontario Bank, Montreal, assignee.....		22,468	50
1889					
January	12	Théodore Robitaille, President.....	42,275	00	
"	12	Manager of the Ontario Bank, Montreal....	18,985	00	
"	12	A. L. Light, for inspection.....	225	00	61,485 50
October	21	Cha. Langelier, Special Commissioner.....		500	00
"	25	J. C. Langelier, Civil Service.....		28,546	00
1890					
March	22	J. C. Langelier, Civil Service.....		20,000	00
		Total.....		\$370,000	00

EXHIBIT No. 178.**PAYMENTS MADE ON EACH SECTION ON ACCOUNT OF SUBSIDIES.**

Miles.	Sections.	Federal.	Local.
0-20.....	A E.....	\$ 299,800	\$ 70,000
20-30.....	F.....	55,300	70,000
30-40.....	G.....	55,500	70,000
40-50.....	H.....	61,100	70,000
50-60.....	I.....	52,475	70,000
60-70.....	K.....		20,000
		\$ 524,175	\$ 370,000

EXHIBIT No. 179.

SUBSIDIES GRANTED TO BAIE DES CHALEURS RAILWAY.

Miles.	Sections.	Federal.	Local.
0-20.....	A. to E.....	\$ 300,000	\$ 35,000 }
20-30.....	F.....	64,000	35,000 }
30-40.....	G.....	64,000	70,000
40-50.....	H.....	64,000	70,000
50-60.....	J.....	64,000	70,000
60-70.....	K.....	64,000	70,000
70-80.....	L.....	.....	70,000
80-90.....	M.....	.....	70,000
90-100.....	N.....	.....	70,000
Metapedia Bridge.....	.....	.....	50,000
Land to pay claims and complete line, 800,000 acres @ 35 cents per acre.....	.....	.....	280,000*
Total grant .....	.....	\$ 620,000	\$ 960,000

The second 35 cents per acre, payable when the Government has sold and been paid for lands granted to the Companies, and by them converted, is payable on 200,000 acres on 100 miles and on the special grant of 800,000 acres in addition to above *Cash Subsidies*. The Federal subsidies were a special vote of \$300,000 to build a 20 mile branch of the Colonial, commencing at Metapedia. The amount proving insufficient, this vote was transferred to the Baie des Chaleurs Railway Company on condition of their constructing 100 miles.

In addition, the ordinary grant of \$3,200.00 per mile was voted for 100 miles of the line. Adding to the special grant on the first 20 miles, the \$3,200 per mile on this section was applied on completion of the next twenty miles—(20 to 40),—making a payment of \$6,400 per mile on these 20 miles. The Company afterwards applied to have the subsidy on the 30 miles (70 to 100) doubled back on the previous 30 miles (40 to 70), which was done, making the subsidy on these 30 miles also \$6,400 per mile, the Company undertaking to complete the last 30 miles (70 to 100) without subsidy.

The Quebec subsidy was a vote of 10,000 acres of land per mile for 180 miles, which was converted into cash at 70 cents per acre, of which 35 cents per acre is to be paid as each mile of the line is constructed. This made a cash subsidy of \$3,500 per mile for 180 miles. Consequently, the cash payment of 35 cents per acre on the last 80 miles of the line (100 to 180) was applied to the preceding 80 miles (20 to 100), making a cash payment of \$7,000 per mile and the deferred and second 35 cents on miles 20 to 100 were applied to miles 100 to 180.

The special grant of 800,000 acres of land, converted according to the terms of the Conversion Act, realized \$280,000 in cash—the second 35 cts. per acre would form another sum of \$280,000 if ever paid.

The Acts referring to the granting of these subsidies are :—

FEDERAL, 46 Vict., chap. 25

47 " " 8

49 " " 17

LOCAL, 45 Vict., chap. 23

49-50 " " 76

51-52 " " 91

54 " " 88

EXHIBIT No. 188.

UNION BANK OF CANADA.

Quebec, 2nd March, 1891.

Credit ERNEST PACAUD
with one thousand dollars.

324	x \$ 1 =		
	x 2 =		
	x 4 =		
	x 5 =		
	x 10 =		
	x 20 =		
	x 50 =		
	x 100 =		
		1,000	
Gold			
Silver			
Cents			
Cheques			
Union Bank of Canada, March 2nd, 1891. Paid Quebec.			
		\$	

Depositor.

EXHIBIT No. 189.

UNION BANK OF CANADA.

Quebec, 2nd March, 1891.

Credit ERNEST PACAUD
Dollars.

324	x \$ 1 =		
	x 2 =		
	x 4 =		
	x 5 =	2,600	
	x 10 =		
	x 20 =		
	x 50 =		
	4 x 100 =	400	
Gold			
Silver			
Cents			
Cheques			
		\$ 3,000	

(Signed), ERNEST PACAUD,
Depositor.

EXHIBIT No. 190

UNION BANK OF CANADA.

Quebec, 5th March 1891.

Credit ERNEST PACAUD,
Dollars.

Savings Department.	x \$ 1 =		
	x 2 =		
	x 4 =		
	x 5 =		
	x 10 =		
	x 20 =		
	x 50 =		
	x 100 =		
<hr/>			
Gold			
Silver.....			
Cents			
Cheques.....			
<i>Barthe</i>			
<hr/>			
Union Bank of Canada Paid 5th March 1891 Quebec.			
<hr/>			
	\$	1,000	

Depositor.

EXHIBIT No. 191

UNION BANK OF CANADA

Quebec, 9th March 1891.

Credit ERNEST PACAUD,
Dollars.

324	x \$ 1 =		
	x 2 =		
	x 4 =		
	x 5 =		
	x 10 =		
	x 20 =		
	10 x 50 =	500	
	x 100 =		
<hr/>			
Gold			
Silver			
Cents			
Cheques.....			
<hr/>			
Union Bank of Canada Paid 9th March 1891 Quebec.			
<hr/>			
	\$	500	

Depositor.

EXHIBIT No. 192.
UNION BANK OF CANADA.

Quebec, 12th March 1891.

Credit E. PACAUD.

Dollars.

209	Savings Department.	x	\$ 1 =		
		x	2 =		
		x	4 =		
		x	5 =		
		x	10 =		
		x	20 =		
		x	50 =		
		x	100 =		
Gold.....					
Silver.....					
Cheques.....					
<div>UNION BANK OF CANADA 12th May 1891, Paid, Quebec.</div>					
Est. \$4,865.20.					
				4000	
				Depositor.	

EXHIBIT No. 196.

Mr. ERNEST PACAUD, *in account with the Merchants Bank, Quebec.*

1891.		—	Dr.	Cr.
May	30	Balance		\$62 74
July	11	Deposit		2,000 00
"	22	"		2,000 00
August	10	Cheque	\$3,000 00	
September	28	"	1,000 00	
		Balance	62 74	
			\$4,062 74	\$4,062 74
September		Balance		\$62 74

EXHIBIT 197

QUEBEC, 28th Sept. 1891.

63,667

The Merchants Bank of Canada, Savings Department, pay to bearer one thousand dollars, \$1,000.

(Signed) ERNEST PACAUD.

THE MERCHANTS BANK
of Canada, Quebec.
Accepted 28th April 1891.

THE MERCHANTS BANK
of Canada, Quebec.
Sept. 28th 1891.

EXHIBIT No. 198.

THE MERCHANTS BANK OF CANADA.

SAVINGS DEPARTMENT.

Quebec, 22nd July 1891.

Credit ERNEST PACAUD.

Occupation.

Residence. Quebec.

Amount \$2,000 dollars.

63,867		Notes.		
	x	\$ 1 =		
	x	2 =		
	x	4 =		
	x	5 =		
	x	10 =		
	x	20 =		
	x	50 =		
20	x	100 =	2000	00
	x	500 =		
	x	1000 =		
Gold.....				
Silver... ..				
Total...\$			2000	00

(Signed) E. PACAUD.

EXHIBIT No. 200**LA BANQUE DU PEUPLE****SAVINGS BRANCH***Folio*

Quebec, 3rd March 1891.

x	1 = \$
x	2 = "
x	4 = "
x	5 = "
x	6 = "
x	7 = "
x	10 = "
x	20 = "
x	50 = "
x	100 = "
x	500 = "

Notes.....

Cheques.....

D

Greenbacks.....

Gold.....

Silver.....

\$

500

(Signed)

ERNEST PACAUD.

EXHIBIT No. 200—(Suite)**LA BANQUE DU PEUPLE****SAVINGS BRANCH***Folio*

Québec, 31st March 1891.

x	1 = "
x	2 = "
x	4 = "
x	5 = "
x	6 = "
x	7 = "
x	10 = "
x	20 = "
x	50 = "
x	100 = "
x	500 = "

Notes.....

Cheques.....

1,000

Greenbacks.....

Gold.....

Silver.....

1,000

(Signed)

ERNEST PACAUD.

EXHIBIT No. 200—(Continued)

LA BANQUE DU PEUPLE.

Quebec, 25th June 1891.

CHEQUES :

1

500

00

684

BANK NOTES :

x 1 =

x 2 =

x 4 =

x 5 =

x 6 =

x 7 =

x 10 =

x

x 50 =

x 100 =

500 =

B. du P.
June 24, 91
Quebec.

Gold,

Silver,

reenbacks.

\$

500

00

Credit Ernest Pacaud.....

With

Dollars,

100

Depositor.....

EXHIBIT No. 200—(Continued)

LA BANQUE DU PEUPLE.

Quebec, 10th July, 1891,

CHEQUES :

1

500

00

684

BANK NOTES :

x 1 =

x 2 =

x 4 =

x 5 =

x 6 =

x 7 =

x 10 =

x 20 =

x

x 100 =

x 500 =

Gold,

Silver,

Greenbacks,

J. G.

\$

500

00

Credit Ernest Pacaud.....

With

Dollars,

100

Depositor.....

EXHIBIT No. 200—(Continued)

LA BANQUE DU PEUPLE.

Quebec, 22nd July 1891.

CHEQUES :			
685			
BANK NOTES :			
x	1 =		
x	2 =		
x	4 =		
x	5 =		
x	6 =		
x	7 =		
x	10 =		
x	20 =		
x	50 =		
0 x	100 =	1,000	00
x	500 =		
Gold.....			
Silver.....	J. G.		
Greenbacks ...			
\$			

Credit ERNEST PACAUD

With.....
..... \$1,000Dollars,
100

Depositor.....

EXHIBIT No. 200—(Continued)

LA BANQUE DU PEUPLE.

Quebec, 28th September 1891.

CHEQUES :			
685			
BANK NOTES :			
x	1 =		
x	2 =		
x	4 =		
x	5 =		
x	6 =		
x	7 =		
^	10 =	B. du P. Sep. 28 1891 Quebec.	
x	20		
x	50 =		
1 x	100 =	100	00
x	500 =		
Gold			
Silver.....			
Greenbacks...			
\$		10	00

Credit ERNEST PACAUD

With.....
..... \$1,000Dollars,
100

Depositor.....

EXHIBIT No. 200—(Continued)

LA BANQUE DU PEUPLE,

QUEBEC, 29th September 1891.

CHEQUES:

685

1

3,000 00

BANK NOTES:

x 1 =

x 2 =

x 4 =

x 5 =

x 6 =

x 7 =

x 10 =

x 20 =

x 50 =

x 100 =

x 500 =

B. du P.
Sep. 29 1891
Quebec.Gold,
Silver,
Greenbacks,

\$ 3,000 00

Credit ERNEST PACAUD

With

.....\$3,000.....Dollars
100

Dépositior.....

EXHIBIT No. 204.

LA BANQUE DU PEUPLE

QUEBEC, 17th July 1891.

CHEQUES:

7,500 00

remis

5,000 00

BANK NOTES:

x 1 =

x 2 =

x 4 =

x 5 =

x 6 =

x 7 =

x 10 =

x 20 =

x 50 =

x 100 =

x 500 =

Gold,
Silver,
Greenbacks,

\$ 2,500 00

Credit ERNEST PACAUD

With

.....\$2,500.....Doll
100

Depositor.....

EXHIBIT No. 205.

QUEBEC, 15th April 1891.

\$5,000

33

Property of the
UNION BANK OF CANADA.

One month after date for value receive, I promise to pay to the order of the Honorable Honoré Mercier, at the office of the Banque du Peuple, the sum of five thousand dollars.

(Signed) ERNEST PACAUD.

UNION BANK OF CANADA
Paid, May 9 1891.

ENDORSED.—Honoré Mercier, Chs. Langelier, C. A. P. Pelletier, F. Langelier.

CHS. LANGELIER.

Date.	No.	Amount.	
May	8	88-5a	\$918 28
"	9	88-6	200 00
"	12	88-16a	500 00
"	26	88-41	17 60
July	22	88-120	1,600 00
June	3	88-15	555 40
July	11	89-4	3,000 00
"	21	89-8	500 00
"	21	89-8	1,500 00
Aug.	10	89-14	500 00

Paid to Frs. Parent.
 Deposit in Savings Branch Union Bank.
 Fortress Hotel.
 J. B. Morin.
 Paid note.
 Deposit to credit of C. Langelier.
 " Banque du Peuple.
 Handed to Mr. Chs. Langelier.
 Deposit with Chs. Langelier.

A. CARRIER

88-5 May 8th Note paid.....\$ 400 00
 88-22 " 15th Debt to Desbarats..... 150 00
 88-18 " 29th Note 400 00
 \$ 950 00

F. G. M. DESCHENES.

88-17 May 18th Note paid.....\$ 150 00

MOOREVY MATTEL

88-10 May 11th Tarte's note.....\$1000 00
 86-16 " 12th " " 400 00
 86-11 " 28rd Paid to Geoffrion..... 500 00
 \$1900 00

ARMSTRONG.

88-18 June 16th Draft\$1000 00
 89-8 July 21st " 1000 00
 \$2000 00



LIST OF EXHIBITS

EXPLANATORY NOTES.

The column headed " Printed at page " indicates the page at which the exhibit is printed at full length.

The column headed " Cited at page " indicates the page where the exhibits not printed at length are referred to.

The explanatory accounts produced by Mr. Pacaud are :

86—Statement of account with the Banque Nationale.

87—Account with the Honourable Mr. Mercier.

88—Statement of account with La Banque du Peuple.

89—Statement of account with the Union Bank.

90—Statement of account with the Merchants Bank.

91—Moneys on hand.

By the system of numbering adopted, the number of each exhibit designates by itself the particular account and the particular item of each account to which it refers. For example : Exhibit 88-10 refers to item 10 in account No. 88.

ROYAL COMMISSION.

LIST OF EXHIBITS.

No.	By whom produced	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
1	Gustave Grenier, Clerk of Executive Council.	1891 14th Oct.	Report 21st April '91 Approved 23rd April 17th Apr. '91	882	19 230 630 779 19 139	Certified copy of the Order in Council No. 237, with reference to the Baie des Chaleurs Railway Company, approving the propositions made by A. Thom <i>à</i> -qualité. Letter from A. Thom to Hon. P. Garneau, Commissioner of Public Works and Premier <i>ad interim</i> , with reference to the reorganization of the company, and the proposal for the payment of the subsidies, the completion of the road and the payment of claims.
2	"	14th Oct.	Report 21st April Approved 23rd Apr. '91	885	19 230 630	Certified copy of the Order in Council No. 238, appointing J. O. Langelier assistant registrar of the Province of Quebec, commissioner for the payment of claims against the Baie des Chaleurs Railway Company.
3	C. N. Armstrong.	14th Oct.	28th Apr. '91	886	32 590, 593. 636, 649. 671, 705, 710, 711, 768, 769, 797, 800	Unpaid account of \$298,943.62 by the Baie des Chaleurs Railway Company, with a receipt of \$175,000.00 paid by J. C. Langelier.
4	"	14th Oct.	13th M'ch, '91	46		Telegram from Ernest Pacaud to the Hon. George Irvine.
5	Gustave Grenier, Clerk of Executive Council.	14th Oct.	3rd Oct., '89	887	68	Order in Council (No. 488) Report of a committee of the Honourable Executive Council, for an inquiry appointing Hon. Charles Langelier, commissioner.
6	"	14th Oct.	Report 23rd Nov. Approved 25th Nov.	888	68	Order in Council (No. 606) appointing J. C. Langelier to pay \$28,548 on behalf of the Baie des Chaleurs Company.
7	"	14th Oct.	Report 31st Oct. '87 Approved 3rd Nov. '87	890	68	Order in Council (No. 557) appointing a deputy Lieutenant Governor to sign money warrants.
8	"	14th Oct.	Report 19th Sept. '91 Approved 19th Sept. '91	890	68	Order in Council (No. 410) appointing the Royal Commission.

LIST OF EXHIBITS

No.	Produced by.	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
9	Gustave Grenier, Clerk of Executive Council.	14th Oc.	9th July, '91	890	68	Recommendation for money warrants \$100,000.
	"	14th "	" "	891	68	Do for \$534 25.
	"	14th "	9th "	892	68	Do for \$75,000.00.
	"	14th "	9th "	893	68	Do for \$400 68.
10	Ernest Gagnon, Sec. Dept. P. W.	16th "	17th April '91	139		Letter from Mr. Thom to the Hon. P. Garneau on which the Order of Council is based (already contained in exhibit number 1.)
11	Hon. P. Garneau.	16th "	20th April '91	178		Letter from Hon. E. Robidoux, Hon. C. Langelier, to Hon. P. Garneau, opinion as Attorney General, on Mr. Thom's proposition.
12	"	16th "	24th "	179	271 273 776	Letter from Mr. Cannon, Assistant Attorney General, containing opinion on the agreement made with the Baie des Chaleurs Railway Company in virtue of Order of Council No. 237.
13	"	16th "	24th "	181		Letter from Hon. P. Langelier to Mr. Cannon approving his opinion on the Baie des Chaleurs matter.
14	"	16th "	28th "	181	757	Report of the Hon. Attorney General, Hon. J. E. Robidoux, on the Order of Council No. 237.
15	"	16th "	23rd "	184	781	List of the shareholders of the Baie des Chaleurs Railway Company.
16	"	16th "	23rd Sept. '91	185		Letter from J. O. Langelier to Hon. P. Garneau mentioning delivery to him by Mr. Thom of the shareholders' list and box for the company for \$500,000.
17	"	16th "	24th April '91		581 602	Letter from Mr. Thom to Mr. Moreau asking for the Baie des Chaleurs Railway Company's subsidy in that such payment be made in a certain manner.
18	"	16th "	24th "	189		Mr. Moreau's reply to Mr. Thom stating that the payment would be made in the manner mentioned in the preceding letter.

LIST OF EXHIBITS.

Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
Hon. P. Garneau.	16th Oc.	24th April '91	191	643	Letter from J. O. Langelier to Hon. P. Garneau forwarding the list of claims produced but not paid against the Baie des Chaleurs Railway Company.
v. P. N. Thivierge.	17th "	30th Nov. '90	201		Petition of the citizens of the parish of St Bonaventure.
Hon. P. Garneau.	17th "	5th June '91	211	544 609	Letter from Mr Thom to Mr Garneau asking a change in the method of paying the subsidy.
"	17th "	16th "	212	544 742	Letter from the Hon. P. Garneau to Mr. Thom granting the demand contained in the preceding letter.
Moreau, P.W. D.	17th "	.....		217	Part of the cover of the record 647 in connection with the Order in Council No. 237.
Hon. P. Garneau.	20th "	27th April '91	222	213, 561, 599, 619, 694, 737	Letter from Hon. P. Garneau to Mr. Thom, concerning the letter of credit for \$175,000. (This letter was then returned and cancelled.)
L. B. Fauvel.	20th "	3rd Dec. '90		227	Petition of the electors of New-Carlisle concerning the railway.
"	20th "	2nd "	112	227	Petition of the electors of Paspebiac.
"	20th "	14th Jan. '91		227	Resolution of the electors of Percé.
"	20th "	19th "		227	Resolution of the electors of l'Anse au Griffon and Percé.
"	20th "	.....		227	Resolution of the Board of Trade of Percé.
E. Webb, Union Bank.	20th "	29th April '91	230		Letter from Mr. Webb to Mr. Machin asking for copies of the Orders in Council.
"	20th "	30th "	230		Letter from Mr. Machin to Mr. Webb transmitting the Orders in Council.
		29th "		231-236	{ Cheques for \$20,000 each in favor of C. N. Armstrong signed by J. C. Langelier.
		29th "		" "	
	20th "	29th "		" "	
		29th "		" "	
		29th "		" "	
"	20th "	6th May '91	233		Letter from Mr. Webb to Mr. Vallière concerning the payment of one of the cheques for \$20,000.
"	20th "	16th "		233 756	Letter from Mr Webb to Mr. Bousquet concerning the payment of another cheque for \$20,000.

LIST OF EXHIBITS

No	Produced by	Date when produced	Date of document	Printed at page	Cited at page.	SUBJECT
35	E. E. Webb.	20th Oc.	16th May '91	234 689		Letter from Mr Webb to Mr J.C Langelier notifying him that he had received the letter of credit signed by Hon. Mr Garneau
36	"	20th "	15th Oct. '91		235 258 756	Statement of account between the Union Bank and Mr. J.O Langelier
37	"	20th "	15th "		236	Statement of account between the Union Bank and Mr. Pacaud.
38	"	20th "	15th "		236 240 756	Statement of account between the Union Bank. Savings branch and Mr. Pacaud.
39	"	20th "	10 Aug. 1891	238 239		Receipt given by Mr. Pacaud, to the Union Bank for his cheques.
40	"	20th "	15th July '91		257 258	Deposit slip at the Union Bank for \$2,690.00.
41	E. Moreau.	20th "	21st April '91	893	263, 597, 686, 737	Drafts of letters and reports with reference to the Order in Council No. 237. Drafts not agreed to
42	H. T. Machin, assistant provincial treasurer.	20th "	28th "	268 897	274	Draft of letter of credit addressed to the Union Bank.
43	"	20th "	28th "	145 269 898	267	Letter authorizing the Union Bank of Canada to advance \$100,000 to Mr J. C. Langelier to pay the claims against the Baie des Chaleurs company in virtue of the Order in Council No. 237.
44	"	20th "	28th "	898	267	Letter authorizing the Banque Nationale to advance \$75,000 to Mr. J. C. Langelier to pay the claims against the Baie des Chaleurs company in virtue of the Order in Council No. 237.
45	"	21st "	5th Dec. '90	275	275	Pamphlet--Budget speech by Hon. Mr. Shehyn provincial treasurer.
46	"	21st "	18th June '90	548	286 544	Letter from Mr. Moreau to Mr. Machin respecting the \$75,000 in favor of the Baie des Chaleurs company not yet due, but to be placed in the estimates to be put before the House.
47	P. B. Demoulin, Manager B. du Peuple.	21st Oct.	18th June '90		297 306 337	Statement of account between Mr. Pacaud and the Banque du Peuple from the 6th May to the 3rd of June.
48	"	21st "	6th Aug. '91		298	Receipt given by Mr. Pacaud to the Banque du Peuple for certain cheques.

LIST OF EXHIBITS

No.	Produced by.	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
49	P. B. Dumoulin.	21st Oct.	6th Augt '91	899	300	Statements mentioning the amounts and expiration of the notes of Messrs Carrier, Carrel, Dechene and I. Tarte.
50	"	21st "	6th May 1891	899	301	Letter from Mr. Dumoulin to Mr. Bousquet, 6th May 1891, concerning Mr. Pacaud's note for \$20,000, endorsed by Mr. Vallière, announcing that the Hon. C. Langelier promised a deposit of \$50,000.
51	"	21st "	11th July '91		302 718	Deposit slip of \$3,000 in the Banque du Peuple, in favor of Mr. Charles Langelier.
52	"	21st "	8th May 1891		302	Deposit slip of the Banque du Peuple for \$14,607.34.
53a	P. Geo. Lafrance, Cashier of the Banque Nationale	21st "	28th Apr. '91		312 313	Cheque on the Banque Nationale, signed by J. C. Langelier, commissioner payable to C. N. Armstrong for \$31,750.
53b	"	21st "	28th "		312	Do \$24,000.
53c	"	21st "	28th "		312, 638	Do \$16,000.
53d	"	21st "	28th "		312	Do \$111.64.
53e	"	21st "	13th July '91		313	Do \$2,250.00.
54	"	21st "	15th May '91	900	315	Requisition by E. Pacaud, on the Banque Nationale, for draft on Paris, in favor of the Hon. Mr. Mercier for \$5,000.
55	"	21st "	15th "		315	Statement of account of the Banque Nationale with Mr. Pacaud.
55a	"	21st "	15th "	900		Extract of the minutes of a meeting of the directors of the Banque Nationale; resolution refusing to discount letter of credit of \$100,000.00.
56	H. T. Machin.	22nd "	7th Feb. 1891 Approved 9th Feb. 1891	901	318	Order in Council No. 1124, produced as a form of an Order in Council for converting land subsidies into money.
57	"	22nd "	2nd July '91 Approved 6th July '91	903	318	Form of an Order in Council concerning the doubling up of subsidies.
58	"	22nd "	.....	904	319	Statement of estimates of railway subsidies for the year 1891-1892.
59	"	22nd "	9th July '91	905	319 324	Money warrant for \$100,000 in favor of the Union Bank.

LIST OF EXHIBITS.

No.	Produced by.	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
60	H. T. Machin.	22d Oct.	9th July 1891	906	319	Money warrant for \$534.25, being interest on the preceding amount.
61	"	22nd "	9th "	907	319	Money warrant for \$75,000 in favor of the Banque Nationale.
62	"	22nd "	9th "	908	319	Money warrant for \$400.69, interest on \$75,000.
63	"	22nd "	1st May, 1891	909	319	Money warrant for \$1,500 in favor of J. O. Langelier to pay claim against Baie des Chaleurs R'y C
64	"	22nd "	9th "	910	319	Money warrant for \$25,000 in favor of J. O. Langelier to pay claim against Baie des Chaleurs R'y C
65	"	22nd "	3rd July, '91	911	319	Money warrant for \$15,000 in favor of J. O. Langelier, to pay claim against the Baie des Chaleurs Railway Company.
66	"	22nd "	8th May, 1891	912	320	Letter from E. Moreau to H. Machin, asking for the issue of said money warrants for \$25,000.
67	"	22nd "	2nd July, '91	913	320	Letter from E. Moreau to H. Machin, asking for the issue of said money warrants for \$15,000.
68	J. A. Labadie.	22nd "	10th Oct., '91	321		Copy of a receipt given by Pacaud to the Banque du Peou for cheques.
69	P. G. Lafrance.	22nd "	16th May, '91		323 324	Deposit slip in the Banque Nationale of \$9,300.00 to the credit of Caisse d'Economie N.-D. de Quebec.
70	"	22nd "	1st "		323	Notarial copy of a protest by Tessier of a note of two months \$5,000, dated Quebec, 28th Feb. 1891, signed by Ernest Pacaud payable to the order of Hon. Mercier, endorsed by H. Mercier Langelier, Cha Langelier, C. P. Pelleuer and Ernest Pacaud.
71	"	22nd "	7th Aug., '91	328		Letter from E. Pacaud to the Banque Nationale, settlements, cheques and receipt for these cheques.
72	E. Pacaud.	22nd "	21st Sept. '90	361		Telegram from Mr. Heaton Armstrong to Mr. Pacaud concerning Mr. Armstrong's visit to Quebec.
73	"	22nd "	10th M'ch '91	364		Letter from Armstrong to Pacaud concerning the formation of a syndicate to replace the Baie des Chaleurs Company.

LIST OF EXHIBITS.

No	Produced by	Date when produced	Date of document.	Printed at page.	Cited at page.	SUBJECT.
74	E. Pacaud.	22nd Oc.	11th Mar. '91	365		Letter from Mr. Armstrong to Mr. Pacaud in same terms.
75	"	22nd "	13th "	367		Telegram from McDonald to Pacaud, respecting railway.
76	"	22nd "		367		Telegram from Armstrong to Pacaud respecting railway.
77	"	22nd "	17th "	367		Telegram Armstrong to Pacaud, respecting visit of Cooper to New-York.
78	"	23rd "	21rst "	371		Telegram J. J. McDonald to Pacaud, asking him to meet him in New-York.
79	"	23rd "	30th "	372		Letter from Armstrong to Pacaud, respecting the payment of \$280,000.
80	"	23rd "	14th Apr. '91	372		Letter from Armstrong to Pacaud, respecting the company's arrangements.
81	"	23rd "	14th "	373		Telegram from Armstrong to Pacaud—ditto.
82	"	23rd "	16th "	373		Telegram from Armstrong to Pacaud—ditto.
83	"	23rd "	6th May '91	914	377	Note for \$20,000.00 in favor of Philippe Vallières, and signed by Ernest Pacaud.
84	"	23rd "	12th "	914	377	Note of Ernest Pacaud in favor of Vallières for \$20,000.
85	"	23rd "	12th Sep. '91		378	Letter from H. Cameron to Pacaud.
86 86a	"	23rd "		915 916	378 485	Statement of account with Banque Nationale.
86-1	"	23rd "	15th Apr. '91	934	378 424 444 536 789	{ Note of 15th April 1891 by Ernest Pacaud to the order of Hon. Mr. Mercier for \$5,000 payable at one month and endorsed by Messrs. Mercier, Langelier, Pelletier and Messrs. Langelier and Pacaud. Cheque to pay note by E. Pacaud.
86-1a	"	23rd "	14th May '91		380	Cheque for \$5,000.00 on the Banque Nationale, by Pacaud.
86-1b	"	23rd "	14th "		380	See 87-7.
86-2	"	23rd "	14th "		381	Pacaud's cheque, personal.
86-3	"	23rd "	14th "		381	" " personal.

LIST OF EXHIBITS.

No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page	SUBJECT.
86-4	E. Pacaud.	23rd Oc.	14th May '91		381	Pacaud's cheque personal.
86-5	"	23rd "	14th "		381	" " personal.
86-6	"	23rd "	14th "		430 381	" " personal.
86-7	"	23rd "	14th "		381	" " personal.
86-8	"	23rd "	14th "		381	" " personal.
86-9	"	23rd "	14th "		381	" " personal.
86-10	"	23rd "	14th "		381	" " Deposit, Contesta Caron, Chicout \$1000.00.
86-11	"	23rd "	14th "		381	" " re McGreevy, \$24 paid Geoffrien Q.
86-12	"	23rd "	14th "		381	" " personal
86-13	"	23rd "	14th "		{ 381 430	2 notes of A. Carrier, and 1 che of Pacaud, 400.00.
86-14	"	23rd "	14th "		381	Pacaud cheque personal
86-15	"	23rd "	14th "		{ 381 430	" " \$555.40 to Hon Langelier and T
86-16	"	23rd "	14th "		382	" " personal.
86-17	"	23rd "	14th "		383	" " "
86-18	"	23rd "	14th "		{ 383 439 476	3 drafts of Armstrong, on Pacaud: \$2,000.00, 1,000.00 \$2,000.00 Chèque \$1,000 signe Pacaud.
86-19	"	23rd "	14th "		383	Pacaud's cheque, personal.
86-20	"	23rd "	14th "		383	" " personal.
86-21	"	23rd "	14th "		383	" " to J.A Tessier vision elec lists. Three vers, \$30.
86-22	"	23rd "	14th "		383	Pacaud's " personal. " " personal.
87	"	23rd "	15th "	917	{ 379 483	Statem. of acc. with Hon H Mc
87-1	"	23rd "	8th Sept. '91		39	Account and cheque.
87-2	"	23rd "	8th "		397	Cheque paid.

LIST OF EXHIBITS.

	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
1	E. Pacaud.	23rd Oc.	8th Sept. '91		397	Account paid.
2	"	23rd "	8th "		397	" "
3	"	23rd "	8th "		397	" and cheque.
4	"	23rd "	8th "		397	Lease, account and cheque.
5	"	23rd "	8th "		398	Beausoleil, draft and cheque.
6	"	23rd "	8th "		628	
7	"	23rd "	8th "		398	Account and cheque.
8	"	23rd "	8th "		398	Cheque of \$5,000 on the Banque Nationale. See 86-1a
9	"	23rd "	8th "		398	Beausoleil, draft and cheque.
10	"	23rd "	8th "		628	
11	"	23rd "	8th "		398	Account and cheque.
12	"	23rd "	8th "		398	" "
13	"	23rd "	8th "		399	" "
14	"	23rd "	8th "		399	Draft and cheque for rent.
15	"	23rd "	8th "		399	Account and cheque.
16	"	23rd "	8th "		399	" "
17	"	23rd "	8th "		399	Account.
18	"	23rd "	8th "		399	"
19	"	23rd "	8th "		399	"
20	"	23rd "	14th May '91	918 925	383 485	Statement of account with Banque du Peuple.
21	"	23rd "	14th "	934	383 536	Note for \$5,000 in favor of l'Hon. H. Mercier, by E. Pacaud, dated 28 February 1891, endorsed H. Mercier, F. Langelier, C. Langelier, O.A.P. Pelletier and Ernest Pacaud and cheque.
22	"	23rd "	14th "		383 439	Pacaud cheque, to Philippe Vallière, for his endorsement, \$500.00
23	"	23rd "	14th "	935	383	2 notes and 1 cheque of Pacaud, one by Hon. Chas. Langelier to order of Tarte for \$2,000 00 dated 2nd March 1891 for the Montmorency election and the other for \$150.00 by Jas. Carrell to his order and endorsed by E. Pacaud.
24	"	23rd "	14th "		383	Pacaud's cheque, personal.
25	"	23rd "	14th "		383 430	Note of Carrier, \$100.00, and Pacaud's cheque.

LIST OF EXHIBITS.

No.	Produced by.	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
88-5a	E. Pacaud.	23rd Oc.	14th May, '91		384	Pacaud's cheque, paid Frs. Pu for Hon. Chs. Langelier, \$200.
88-6	"	23rd "	14th "		384 430	Pacaud's cheque. Deposit for E Chs. Langelier, \$200.00.
88-7	"	23rd "	14th "		384 440	Account and receipt of L. J. Des of l'Événement, \$1,000, also literature.
88-8	"	23rd "	14th "		384	Pacaud's cheque to Mr. Jos. Mar for election services.
88-9	"	23rd "	14th "		384 536	Pacaud's cheque, personal.
88-10	"	23rd "	14th "		384	Note for \$1,000 and Pacaud's che
88-11	"	23rd "	14th "		384	Pacaud's cheque, personal.
88-12	"	23rd "	14th "		384	" " personal.
88-13	"	23rd "	14th "		384	" " personal.
88-14	"	23rd "	14th "		384	" " personal.
88-15	"	23rd "	14th "		384	" " personal.
88-16	"	23rd "	14th "	936	384	Tarte's note, \$400.00, and Pac cheque.
88-16a	"	23rd "	14th "		384 430	Receipt for \$500.00, Hon. C. Li lier, subscription " Fortress Ho
88-17	"	23rd "	14th "		384	Déchêne's note and Pacaud's ch \$150.00.
88-18	"	23rd "	14th "		384	Pacaud's cheque, personal.
88-19	"	23rd "	14th "		384	" " subscription Courrier de Louiseville, \$100.0
88-20	"	23rd "	14th "			Pacaud's cheque, personal.
88-21	"	23rd "	14th "		385	" " personal.
88-22	"	23rd "	14th "		385	" " to A. Carrier, M. \$150.00.
	"	23rd "	14th "		385	" " personal.
88-24	"	23rd "	14th "		385	" " personal.
88-25	"	23rd "	14th "		385 439	" " to Philippe Val \$500 for and lion.
88-26	"	23rd "	14th "			" " personal.
88-27	"	23rd "	14th "		385	" " personal.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
88-28	E. Pacaud	23rd Oc.	14th May '91		385	Pacaud's cheque, personal.
88-29	"	23rd "	14th "		385	" " personal.
88-30a	"	23rd "	14th "		385	" " personal.
88-30b	"	23rd "	14th "		385	" " personal.
88-31	"	23rd "	14th "		385	" " personal.
88-32	"	23rd "	14th "		{ 385 440	" " Hon. C. A. P. Pelletier, election expenses, \$1,000.
88-33	"	23rd "	14th "		385	Cheque and Telegram. Choquette.
88-34	"	23rd "	14th "		386	Pacaud's cheque, personal.
88-35	"	23rd "	14th "		386	" " personal.
88-36	"	23rd "	14th "		386	" " personal.
88-37	"	23rd "	14th "		386	" " to R. Rinfret, revision of election lists Champlain.
88-38	"	23rd "	14th "		386	" " personal.
88-39	"	23rd "	14th "		386	" " personal.
88-40	"	23rd "	14th "		386	" " personal.
88-41	"	23rd "	14th "		{ 386 439	" " to J. B. Morin, for Hon. C. Laugelier.
88-42	"	23rd "	14th "		386	" " personal.
88-43	"	23rd "	14th "		386	" " personal.
88-44	"	23rd "	14th "		386	" " personal.
88-45	"	23rd "	14th "		386	" " to Deschênes, M. P. P. Travelling expenses to Chlococtimi, \$30.00.
88-46	"	23rd "	14th "		386	" " personal.
88-47	"	23rd "	14th "		386	" " personal.
88-48	"	23rd "	14th "		386	" " personal.
88-49	"	23rd "	14th "		386	" " personal.
88-50	"	23rd "	14th "		386	" " personal.
88-51	"	23rd "	14th "		387	" " personal.
88-52	"	23rd "	14th "		387	" " personal.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page	SUBJECT.
88-53	E Pacaud.	23rd Oc.	14th May '91		387	Pacaud's cheque, personal.
88-54	"	23rd "	14th "		387	" " personal.
88-55	"	23rd "	14th "		387	" " personal.
88-56	"	23rd "	14th "		387	" " personal.
88-57	"	23rd "	14th "		387	" " personal.
88-58	"	23rd "	14th "		387	" " personal.
88-59	"	23rd "	14th "		387	" " personal.
88-60	"	23rd "	14th "		387	" " personal.
88-61	"	23rd "	14th "		387	" " personal.
88-61a	"	23rd "	14th "		387	" " personal.
88-62	"	23rd "	14th "		387	" " personal.
88-63	"	23rd "	14th "		387	" " personal.
88-64	"	23rd "	14th "		387	" " personal.
88-65	"	23rd "	14th "		387	Turgeon, Note protest, and Pacaud's cheque.
	"	23rd "	14th "		387	Pacaud's cheque, personal.
88-67	"	23rd "	14th "		388	" " personal.
88-68	"	23rd "	14th "		388	" " personal.
88-69	"	23rd "	14th "		388	" " personal.
88-70	"	23rd "	14th "		388	" " Mailloux Note.
88-71	"	23rd "	14th "		388	" " personal.
88-72	"	23rd "	14th "		388	" " personal.
88-73	"	23rd "	14th "		388	" " personal.
88-74	"	23rd "	14th "		388	" " personal.
88-75	"	23rd "	14th "		388	" " personal.
88-76	"	23rd "	14th "		388	" " personal.
88-77	"	23rd "	14th "		388	" " personal.
88-78	"	23rd "	14th "		388	" " personal.
88-79	"	23rd "	14th "		388	" " personal.
88-80	"	23rd "	14th "		388	" " personal.
88-81	"	23rd "	14th "		388	" " personal.

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Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
Pacaud.	23rd Oc.	14th May '91		388	Pacaud's cheque, personal.
"	23rd "	14th "		388	" " Revision of electoral lists, Jos. P. Roy, \$25.00.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	Draft Geoffrion, Q.C. \$500.00, contestations, Vaudreuil and L'Assomption, and Pacaud's cheque.
"	23rd "	14th "		388	Pacaud's cheque, personal.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " revision of electoral lists, Rodolphe Roy, \$25.00.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		388	" " Revision of electoral lists, Louis D. Morin.
"	23rd "	14th "		388	" " personal.
"	23rd "	14th "		389	" " Revision of electoral lists, \$25.00.
"	23rd "	14th "		389	Pacaud's cheque to B. Letellier—Revision of electoral lists, Quebec-West, \$20.00.
"	23rd "	14th "		389	Pacaud's cheque, personal.
"	23rd "	14th "		389	Pacaud's cheque to Aug. Tessier—Revision of electoral lists, Rimouski, \$25.00.
"	23rd "	14th "		389	Pacaud's cheque, personal.
"	23rd "	14th "		389	" " personal.
"	23rd "	14th "		389	" " personal.
"	23rd "	14th "		389	" " personal.
"	23rd "	14th "		389	" " personal.
"	23rd "	14th "		389	" " personal.

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No	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
88-106	E. Pacaud.	23rd Oc.	14th May '91		389	Pacaud's cheque, personal.
88-107	"	23rd "	14th "		389	" " personal.
88-108	"	23rd "	14th "		389	" " personal.
88-109	"	23rd "	14th "		389	" " personal.
88-110	"	23rd "	14th "		389	" " personal.
88-111	"	23rd "	14th "		389	" " to Desmarais, M. P. P., election expenses, \$230
88-112	"	23rd "	14th "		389	" " personal.
88-113	"	23rd "	14th "		389	" " personal.
88-114	"	23rd "	14th "		389	" " personal.
88-115	"	23rd "	14th "		389	" " to Ant. Taschereau — Revision of list Beauce, \$25.
88-116	"	23rd "	14th "		389	" " personal.
88-117	"	23rd "	15th July '91		390	Pacaud's note, personal.
88-117 a	"	23rd "	15th "		390	Pacaud's cheque, personal.
88-118	"	23rd "	15th "		390	" " Revision of electoral lists, \$25.00.
88-119	"	23rd "	15th "		390	Pacaud's cheque, personal.
88-120	"	23rd "	16th June '91		{ 390 430	Note Chs. Langelier for \$1,600.00 in favor of E. Pacaud, and Pacaud cheque.
88-121	"	23rd "	16th "		390	Pacaud's cheque, personal.
88-122	"	23rd "	16th "		390	" " personal.
88-123	"	23rd "	16th "		390	" " personal.
88-124	"	23rd "	16th "		390	" " personal.
88-125	"	23rd "	16th "		390	" " personal.
88-126	"	23rd "	16th "		390	" " personal.
88-127	"	23rd "	16th "		390	" " personal.
88-128	"	23rd "	16th "		390	" " personal.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
88-129	E. Pacaud.	23rd Oc.	16th June 91		390	Pacaud's cheque, personal.
88-130	"	23rd "	16th "		390	Note, L. Leduc, to order of Pacaud, protest and Pacaud's cheque.
88-131	"	23rd "	16th "		390	Pacaud's cheque, personal.
88-132	"	23rd "	16th "		390	" " personal.
88-133	"	23rd "	16th "		{ 390 475	" " personal.
88-134	"	23rd "	16th "		391	" " personal.
88-135	"	23rd "	16th "		391	" " personal.
88-136	"	23rd "	16th "		391	" " personal.
88-137	"	23rd "	16th "		391	" " personal.
88-138	"	23rd "	16th "		391	" " personal.
88-139	"	23rd "	16th "		391	" " personal.
88-140	"	23rd "	16th "		391	" " personal.
88-141	"	23rd "	16th "		391	" " personal.
88-142	"	23rd "	16th "		391	" " personal.
88-143	"	23rd "	16th "		391	" " personal.
88-144	"	23rd "	16th "		391	" " personal.
88-145	"	23rd "	16th "		391	" " personal.
88-146	"	23rd "	16th "		391	" " personal.
88-147	"	23rd "	16th "		391	" " personal.
88-148	"	23rd "	16th "		391	" " personal.
88-149	"	23rd "	16th "		391	" " personal.
88-150	"	23rd "	16th "		391	" " to L. J. Pinault, M. P. P. — Revision of electoral lists, Matane, \$30 00.
88-151	"	23rd "	16th "		391	" " personal.
88-152	"	23rd "	16th "		391	" " personal.
88-153	"	23rd "	16th "		392	Parkin, Note protest and Pacaud's cheque.
88-154	"	23rd "	8th Sep. '91		392	Deposit slip by Pacaud at Banque du Peuple.

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No.	Produced by	Date when produced	Date of document.	Printed at page.	Cited at page.	SUB ECT.
88-155	E. Pacaud.	23rd Oc	8 th Sept. '91		392	Deposit slip, Pacaud, at Banque de Peuple.
88-156	"	23rd "	8th "		392	" " " "
88-157	"	23rd "	8th "		392	Pacaud's cheque, personal.
88-158	"	23rd "	8th "		392	" " purchase of mine shares from Judge Dugas \$1136.65.
88-159	"	23rd "	8th "		392	" " personal.
88-160	"	23rd "	8th "		392	" " personal.
88-161	"	23rd "	8th "		392	" " personal.
88-162	"	23rd "	8th "		392	" " personal.
88-163	"	23rd "	8th "		392	" " personal.
88-164	"	23rd "	8th "		392	" " personal.
88-165	"	23rd "	8th "		392	" " personal.
88-166	"	23rd "	8th "		392	" " personal.
88-167	"	23rd "	8th "		392	" " personal.
88-168	"	23rd "	8th "		392	" " personal.
	"	23rd "	8th "		392	" " personal.
88-170	"	23rd "	8th "		392	" " personal.
88-171	"	23rd "	8th "		392	" " personal.
89	"	23rd "	8th "	930	393	Statement of account with Uni Bank.
89a	"			932	485	
89-1	"	23rd "	8th "		393	Pacaud's cheque.
89-2	"	23rd "	8th "		393	" "
89-3	"	23rd "	8th "	938	{ 393 425 444 449 536 718	Note by Pacaud to order of Hon. M. Mercier for \$3,000 of 1st Apr 1891 endorsed by H. Mercier, J Tarte, C. A. P. Pelletier and Chas Langelier and Pacaud's cheque.
89-4	"	23rd "	8th "		{ 393 430 475	Pacaud's cheque to Godreau et al. Election expenses, \$1,000. To credit of Hon. Chas Langelier \$3,000.

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No.	Produced by	Date when produced.	Date of document	Printed at page.	Cited at page.	SUBJECT.
89-5	E. Pacaud.	23rd Oc	8th Sep. '91	937	{ 393 444 536 537 730	Pacaud's note to the order of Hon. H. Mercier for \$5,000.00 of the 10th March 1891 endorsed by H. Mercier, I Tarte, C. A. P. Pelletier and Chas. Langelier and Pacaud's cheque.
89-6	"	23rd "	8th "		393	Pacaud's cheque, personal.
89-7	"	23rd "	8th "		393	" " personal.
	"	23rd "	8th "		{ 393, 430, 475, 744, 745	Cheque of \$7,000.00 by Mr. Pacaud, \$2,000 being for Hon. Chas. Langelier.
	"	23rd "	8th "		393	Protest and Pacaud's cheque.
89-9	"	23rd "	8th "	937	{ 393 425 444 449 536 718	Pacaud's note to the order of Hon. H. Mercier for \$5,000.00 of the 1st April 1891 endorsed by H. Mercier, I Tarte, C. A. P. Pelletier, Chs. Langelier, F. Langelier, G. Demers and Pacaud's cheque.
89a-9a	"	23rd "	8th "	938	{ 394 479	Cheque, money lent to L. J. Demers, \$3,000.00.
	"	23rd "	8th "		394	Pacaud's cheque, draft on Paris.
89-11	"	23rd "	8th "		394	" " personal.
89-12	"	23rd "	8th "		394	" " personal.
	"	23rd "	8th "		394	" " personal.
89-14	"	23rd "	8th "		{ 394 439	" " Hon Chas. Langelier, \$500.00.
89-14a	"	23rd "	8th "		394	" " personal.
89-15	"	23rd "	8th "		394	" " personal.
89-15a	"	23rd "	8th "		395	" " personal.
89-15c	"	23rd "	8th "		395	" " Subscription of of the Hon. Mr. Duhamel to the Union Club and not repaid.
	"	23rd "	8th "		395	" " personal.
89-17	"	23rd "	8th "		395	" " personal.
	"	23rd "	8th "		395	" " personal.
90	"	23rd "	8th "	933	{ 395 485 743	Statement of the Merchants Bank.

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91	E. Pacaud.	23rd Oc.	8th Sep. '91	933	399	Statement No. 6 by E. Pacaud. mon remaining in hand of the \$100,00
92	"	23rd "	14th Aug. '91	404		Telegram from F. Langelier to J. Pacaud to appear at Ottawa.
93	"	23rd "	15th "	404		Telegram from Mr. Mercier to J. Pacaud supporting the prevt telegram.
94	"	23rd "	5th "	406		Summary of statements of account
95	Hon. Mr. Mercier.	23rd "	22nd Mar. '91	938	{ 415, 530, 538, 687, 681, 685	Original cheque of the Hon. J. Mercier in favor of E. Pacaud \$5 000.00 on the Caisse d'Economie N.-D.
96	"	23rd "	24th Oct. '91	939	{ 415, 530, 537, 550, 680, 685	Original of the cheque to bear \$3,500 00 endorsed by E. Pacaud
97	Ernest Pacaud.	27th Oc.	24th Oct. '91	420	467	Declaration as to the ownership of <i>l'Electeur</i> .
98	"	27th "	30th June '91	939	{ 464, 535, 536, 731, 789	Note signed by E. Pacaud, endorsed by Hon. Honoré Mercier and Ch. Langelier for \$5,000.00.
99	"	27th "	15th Apr. '91	939		List of deposits and other disbursements in connection with the Federal election contestations
100	"	28th "	15th "	940	{ 483, 685, 714	Statement of Ernest Pacaud's accounts with the Union Bank from the 30th April to the 13th August
101	J. J. McDonald, Contractor.	27th "	15th "	940	489	Propositions made by Mr. Thomas the syndicate's name.
102	"	27th "	27th "		{ 490, 493, 526	Resolutions concerning the subsidy to be granted to the Baie des Chaleurs railway company.
103	"	28th "	17th Mar. '91	491	494	Letter from Hon. George Irvine Mr. Cameron concerning the transfer of the charter of the railway company.
104	"	28th "	7th Feb. '91	492	494	Letter of Mr. Cameron to Hon. M. Mercier on the same subject.
105	"	28th "	15th Nov. '90	504	492	Letter from Mr. MacDonald to Hon. Mr. Mercier concerning the Baie des Chaleurs railway company
106	Hon. Mr. Mercier.	28th "	15th "	504		Propositions for the completion of the road of the Baie des Chaleurs railway company by J. J. MacDonald to Hon. Mr. Mercier.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
107	Hon. Mr. Mercier...	28th Oc.	17th Nov. '90	505		Acknowledgement of receipt by Mr. Mercier of Mr. McDonald's letter.
108	"	28th "	5th Dec. '90	505	549	Letter from Mr. Hector Cameron representing J. J. McDonald to Mr. Mercier with reference to the completion of the railway.
109	"	28th "	9th "	507	506	Acknowledgement of receipt by Mr. Mercier of a letter from Mr. Cameron.
110	"	28th "	7th Feb. '91	508		Letter from Mr. H. Cameron to the Hon. Mr. Mercier with reference to the completion of the work.
111	"	28th "	12th "	508		Letter from Hon. H. Mercier acknowledging receipt of Mr. Cameron's letter.
112	"	28th "	13th Mar. '91	510	554	Letter from Mr. Laflamme to Mr. Mercier concerning the proposals of Cooper & al for the completion of the Baie des Chaleurs Railway.
113	"	28th "	13th Mar. '91	511	554	Letter from Hon. Mr. Mercier to Mr. Laflamme in answer to the letter of the 12th March concerning the proposition of the Baie des Chaleurs railway.
114	"	28th "	13th "	514 941	514	Letter from the Hon. Mr. Robitaille to the Government asking a subsidy for the railway and answer.
115	"	28th "	Adopted 3rd Oct. '89 Approved 5th Oct '89		516	Order in Council No. 488 naming Chs. Langelier commissioner to pay the claims against the contractors of the Baie des Chaleurs railway.
116	"	28th "	Adopted 20th Mar. '90 Approved 21st Mar. '90	944	516	Order in Council No. 108 naming J. C. Langelier, to pay the claims against the contractors.
117	"	28th "	19th Oct. '91	517		Memorandum of Mr. Moreau, explaining the balance of \$8,000.00 to the credit of the Baie des Chaleurs railway.
118	"	28th "	Adopted 17th July '88 Approved 17th July '88	945	518	Order in Council No. 459 concerning the doubling up of the subsidy of the Baie des Chaleurs railway, but with the order to keep \$8,000.
119	"	29th "	28th Oct. '91	520		Letter from Mr. Moreau to Mr. Mercier concerning Mr. Armstrong's claims.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
120	Hon. M. Mercier....	29th Oc.	14th June '90	521		Letter from Mr. Laflamme to the Hon. Mr. Mercier concerning the claims of Cooper, Fairman, MacFarlane & Co. And Hon. Mr. Mercier's answer.
121	"	29th "	17th July '88		522	Extracts from addresses of the citizens of different municipalities of the county of Bonaventure concerning the railway.
122	"	29th "	29th May '91		529	Letter from La Banque de Paris and des Pays-Bas crediting Mr. Mercier with 25,499 francs and 80 centimes.
123	"	29th "	6th July '91		• 530	Letter of the Banque de Paris et des Pays-Bas crediting Hon. Mr. Mercier with 25,000 francs.
124	A. M. Thom. Sec. B. C. R. C.	29th "	27th Apr. '91	558		Telegram from Mr. Cooper to the Hon. P. Garneau authorizing Thom to represent the syndicate.
125	"	29th "	18th Mar. '91	559		Letter from Mr. Riopel to Mr. Cooper re transfer of the charter of the Baie des Chaleurs Railway Company.
126	"	29th "	12th May '91	564		Letter from Mr. A. Thom to the Hon. Mr. Garneau notifying him of the election of the directors and officers of the company.
127	"	29th "	26th Oct. '91	565 947		List of the shareholders of the Baie des Chaleurs Railway Company.
128	"	29th "	14th May '91	947		Letter from Hon. P. Garneau to Mr. A. Thom acknowledging receipt of the letter of the 12th May 1891.
129	"	29th "	14th May '91		570	Letter from the Hon. P. Garneau transmitting copies of letters concerning certain dangerous parts of the railway.
130	"	30th "	29th June '91	582		Letter from Mr. A. Thom to the Hon. P. Garneau asking that money be placed at Mr. J. C. Langelier's disposal to pay claims against the old company.
131	"	30th "	29th "	948	582	Judgment against MacFarlane, granting possession of the road to the company.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
132	A. M. Thom.	30th Oct	6th Oct. 1891	582		Letter from Mr. A. M. Thom to the Hon. Pierre Garneau, asking for a list of the claims paid by Mr. J. O. Langelier, commissioner and transmitting copy of the charter of the company.
133	"	30th "	8th "	583		Letter from the Hon P. Garneau to Mr. Thom, acknowledging receipt of the letter of the 6th October, 1891.
134a	"	30th "	29th Apr. '91		{ 584, 594, 610	Mr. Thom's cheque \$ 408 00.
134b	"	30th "	29th "			Mr. Thom's cheque \$4,275.00.
134c	"	30th "	29th "		{ 594	Cheque of \$ 250.00.
134d	"	30th "	29th "			" " 350.00.
134e	"	30th "	29th "			" " 1,000.00.
134f	"	30th "	1st May '91			" " 600.00.
134g	"	30th "	1st "			" " 1,000.00.
134h	"	30th "	1st "			" " 1,500.00.
134i	"	30th "	1st "			Armstrong's cheque \$2,280.00.
134j	"	30th "	7th "			" " " \$3,500.00.
134k	"	30th "	9th "			Cheque \$ 500.00.
134l	"	30th "	12th "			" 400.00.
134m	"	30th "	14th "			" 3,000.00.
134n	"	30th "	14th "			" 300.00.
134o	"	30th "	12th "			" 30 00.
134p	"	30th "	14th "			" 200.00.
134q	"	30th "	15th "			" 91.10.
134r	"	30th "	27th "			" 600.00.
134s	"	30th "	26th "			" 751.00.
134t	"	30th "	29th "		{ 584 610	" 7,714.13.
135	"	30th "	24th Apr. '91	589		Letter from Mr. Thom, to Mr. J. O. Langelier, refusing to certify Mr. O. N. Armstrong's account for more than \$175,000.00.
136	"	30th "	June 1891	952	600	Memorandum for the Hon. O. Abbott, concerning the financial position of the Baie des Chaleurs Railway Company.

LIST OF EXHIBITS.

No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page	SUBJECT.
127	Pamphile Légaré, Caisse d'Economie	30th Dec.	10th Mar '91	953	{ 623 628	Deposit slip of deposit at the Caisse d'Economie N.-O. de Québec by Hon Mr Mercier.
128	Alex Clément, Mr Mercier's Priv. Sec	30th "	10th "	624		Letter from Mr. Marcoux to Mr. Clément concerning the Hon. Mr. Mercier's account.
139	"	30th "	11th "	624		Telegram from Mr. Clément to Mr. Marcoux concerning a deposit.
140	"	30th "	11th "	625		Letter from Mr. Marcoux to Mr. Clément concerning Mr. Mercier's account.
141	J. C. Langelier, Dep. P. Registrar.	31st "	28th Apr. '91	637		Transfer and acquittance of C. N. Armstrong to the Baie des Chaleurs railway company.
142	"	31st "	2nd May '91	641		Letter from Mr. Moreau to Mr. J. C. Langelier giving notice of the issue of a cheque of \$15,000.
143	"	31st "	24th Apr. '91	644		Letter from Hon P. Garneau to Mr. J. C. Langelier authorizing him to verify and establish the debts due by the Baie des Chaleurs Railw. Co.
144	"	31st "	27th "	646		Letter from Hon Mr Garneau to Mr J. C. Langelier acknowledging receipt of the list of claims against the Baie des Chaleurs Railway Co.
145	"	3rd Nov	16th July '91	649		Letter from Mr. Cooper to Mr. J. C. Langelier acknowledging receipt of a cheque of \$2,250 00
146	"	3rd "	24th Apr. '91	—		Letter from Hon Mr. Garneau to Mr. Langelier acknowledging receipt of the letter of the 23rd April containing the shareholders list and debentures of the Baie des Chaleurs railway company for \$500 000.
147	"	3rd "	24th "		650	List of claims filed with the Government on all the line and not paid
148	"	3rd "	26th "	651		Letter from Mr. Pasand to Mr. Langelier asking him to take a note of the enclosed contract.
149	"	3rd "	18th Aug. '91		651	Notarial copy. Transfer Armstrong to the Union Bank before Meredith, N. P., for \$3,096.02.
150	"	3rd "	8th May '91	652		Letter from E. Moreau to Mr. J. C. Langelier with copy of instructions given to Mr. L. A. Vallée by Hon. E. Robidoux.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
151	J. C. Langelier.	3rd Nov.	15th May '91	654		Letter from Mr. Garneau to Mr J. C. Langelier, concerning the documents asked for by Mr. King, manager of the Ontario Bank at Toronto.
152	"	3rd "	30th June '91	654		Letter from Mr. Langelier to Mr. S. Lesage, concerning the unpaid claims.
153	"	3rd "	11th July '91	655		Mr. Moreau's answer to M. Langelier, transmitting the official cheques.
154	"	3rd "	2nd "	656		Let. from Mr. Moreau to Mr. Langelier ackn. receipt of the two statements through Mr. Michaud...
155	"	3rd "	8th "	658		Letter from Mr. Moreau to Mr. Langelier re claims A. L. Light.
156	"	3rd "	8th "	659		Let. from Mr Langelier to Mr. Lesage.
157	"	3rd "	10th "	660		Letter from Mr. Lesage to Mr. Langelier, concerning the payment of certain claims.
158	"	3rd "			661	List of claims.
159	"	3rd "			661	List of claims paid on the first 60 miles of the Baie des Chaleurs Railway.
160	"	3rd "	9th Dec. '80	954	662	Let fr. Mr. Langelier to Mr. Garneau, showing how \$28 546 was expended.
161	"	3rd "			663	Statements of payments made on account of the \$280,000
162	"	3rd "			663	Statement of payments made on bonds.
163	"	3rd "			663	Banque Nationale, pass books folio 397
164	"	3rd "			663	Cheque book on the Banque Nationale.
165	S. Lesage, A. Com P. W.	3rd "	15th Sep. '91		677	Letter from Mr. Lesage to the Hon. Mr Garneau, respecting the order given him to appear before the Senate Committee
166	P. Vallières, Merchant.	4th "	10th Feb.	700		Letter from Si Hector Langevin, of the 10th February 1891 to Mr. Vallières, respecting furniture claims against F ^d eral Gouvernement
167	"	4th "	2nd Feb. '91		702	Order in council of the Federal government respecting the payment of the said claims.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
168	C. N. Armstrong.	4th Nov.	7th Nov. '85	955	705	Contract between Her Majesty represented by the Minister of Railways and the Baie des Chaleurs railway company respecting subsidy for 20 miles between Manapadiac and Paspebiac.
169	"	4th "	7th "	958	705	Contract between Her Majesty represented by the Minister of Railways and the Baie des Chaleurs railway company respecting subsidies for 10 miles of the said railway company.
170	"	4th "	2nd June '88	961	705	Provisional contract between the Baie des Chaleurs railway company and Her Majesty represented by the Minister of Railways respecting the application of its subsidy.
171	"	4th "	9th June '88	963	705	Contract between C. N. Armstrong and the Baie des Chaleurs railway company for the construction at the completion of the road between Metapedia and Paspebiac.
172	"	4th "	8th June '88	969	705	Contract between C. N. Armstrong contractor and Mr. McFarlane as contractor for the construction, etc., of certain parts of the Baie des Chaleurs railway and ratified by Theodore Robitaille president of the company with joint obligation of the company towards contractor in favor of the subcontractor.
173	"	4th "	8th "	973	705	Payments by the Baie des Chaleurs railway company to C. N. Armstrong.
174	"	4th "	8th "	973	712	List of payments by the Federal Government \$324,175.
175	"	4th "	8th "	974	705	List of payments by the Quebec government \$370,000.
176	"	4th "	8th "		705	Transfer and payments by the Baie des Chaleurs railway company to C. N. Armstrong.
177	"	4th "	22nd Oct. '91		705	Statement showing the cost of first 60 miles signed by A. Led
178	"	4th "	22nd "	974	706	List of payments made on each station, out of the subsidies

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o.	Produced by.	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
9	C. N. Armstrong.	4th Nov.	22nd Oct. '91	975	706	List of subsidies granted to the Baie des Chaleurs Railway Company.
0	"	4th "	22nd "		{ 707, 773, 774, 799, 800, 805	Specification of the work to be done to make \$20,000 per mile.
1a					{ 710, 711, 713, 769, 771, 772, 773, 774	Statement of work done by contractors on the first twenty miles, on the 3rd, 4th, 5th, 6th and 7th section of 10 miles each and on the sections K. L. M. N.
1b						
1c	"	4th "	22nd "			
1d						
1e						
1f						
1g						
2	"	4th "	7th Jan. '91		{ 713, 769, 772	Certificates of work done on the sections K. L. M. N.
3	"	4th "	29th Aug. '91		713	Statement showing a bal. of \$345,360 59 in favor of Mr. Armstrong.
4	Hon. C. Langelier, Prov. Sec.	4th "	20th Aug. '91		719	Mr. Langelier's special report. Sessional paper of the Legislative Assembly, No 90, 1889.
5	"	4th "	20th "		719	Sessional paper of the Legislative Assembly, No 90a, 1889.
6	"	4th "	14th Mar. '89		719	Sessional paper of the Legislative Assembly, No. 226, 1889.
7	"	4th "	20th Apr. '91	721		See Exhibit No. 11.
8	E. E. Webb.	4th "	2nd Mar. '91	976	{ 728 729	Deposit slip of the Union, Bank 2nd March, 1891.
9	"	4th "	2nd "	976	729	Union Bank \$3,000.
0	"	4th "	5th "	977	729, 731	" 1,000.
1	"	4th "	9th "		729	" 500.
2	"	4th "	12th "	978	729, 730	" 4,000.
3	"	4th "	23rd July '91		729	Cheque of J. C. Langelier, 23rd July 1891, in favor of C.N. Armstrong, \$534.25.
4	Hon. C. Langelier.	4th "	23rd "		731	Statements of amounts remitted to Mr. Langelier by Mr. Pacaud.
5	"	4th "	27th Apr. '91	740	786 790	Copy of the " Courrier du Canada " 27th April 1891.
6	J. O. More, Merchant's Bank.....	4th "	"	979	743	Total of Mr. Pacaud's account with the Merchants Bank.
7	"	4th "	28th Sept. '90	979	743	Cheque of the 28th September 1891, E. Pacaud \$1000

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198	J. O. More.	5th Nov	11th July '90	989	742	Deposit slip \$2,000, Merchants Bank.
199	"	5th "	"	981	743	Deposit slip \$2,000, Merchants Bank.
200	P. A. Labadie. Banque du Peuple.	5th "	"	982	782	Deposit slips at the Banque du Peuple by E. Pacaud from the 3rd March to the 29th September 1871.
201	"	5th "	"			Extracts from pamphlets containing the reports of the Department of Public Works for the years 1889-90.
202a 202b 202d	A. L. Light. C. E.	5th "	1st Oct. '88		772	Certificates signed by A. L. Light for work on the Baie des Chaleurs railway.
203	"	5th "	7th Jan. '89		772	Certificates signed by A. L. Light for work on the Baie des Chaleurs railway.
204	P. A. Labadie.	5th "	3rd July '91	908	783	Deposit slip at the Banque du Peuple by E. Pacaud, \$2,500.
205	E. Pacaud.	5th "	15th Apr. '91	989	788	Note of \$5,000 signed by Pacaud, endorsed by H. Mercier, C. Langelier, C. A. P. Pelletier, F. Langelier.
206	M. Riopel, advocate	5th "	30th Dec '90		197 792	Pamphlet. Reply of the Baie des Chaleurs railway company to the report of the Commissioner Mr. Chas Langelier.
207	E. Pacaud.	6th "	30th "	990	794	Statement concerning the payment of \$100,000
208	G. Grenier, C. Ex. C.	"	"		805	Form of oath taken by the provincial ministers.
209	J. C. Langelier. Deputy Prov. Reg.	6th "	14th Nov. '90		806	Receipt signed by J. J. MacDonald for the list of claims
210	"	6th "	22nd Sep. '90		806	Letter from J. C. Langelier to E. Moreau transmitting Mr. Thom's telegram concerning Mr. Light's claim.
211	"	6th "	15th May '91		806	Letter from J. C. Langelier to Hon. Mr. Garneau acknowledging receipt of cheque of \$15,000.
212	"	6th "	28th Apr. '91		806	Letter from Mr. J. C. Langelier to Hon. Mr. Garneau informing him that Mr. Langelier was ready to begin payments of the contested claims.

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No.	Produced by	Date when produced.	Date of document.	Printed at page.	Cited at page.	SUBJECT.
3	J. C. Langelier.	6th Nov	9th Apr. '91		806	Letter from J. C. Langelier to Hon. Mr. Garneau showing how the \$175,000 was expended.
4	"	6th "	17th June '91		807	Letter from Mr. J. C. Langelier to Hon. Mr. Garneau concerning the delay in the payment of the contested claims.
5	"	6th "	23rd Apr. '91			Letter from J. C. Langelier to Mr. Thom.
6	Hall & Casgrain.	6th "	2nd May '87			Report of Legislative Assembly containing Order in Council No. 237, Baie des Chaleurs.
	"	6th "	6th Feb. '89		821	Copy of the official correspondence between His Honour the Lieutenant Governor and the Hon. H. Mercier Prime Minister.

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ANNEXES.

CANADA,
PROVINCE OF QUEBEC, }
City of Montreal.

SECRETARY'S COMMISSION.

We, the Honourable Louis A. Jetté, Judge of the Superior Court, Louis François George Baby, Judge of the Court of Queen's Bench, and Charles Peers Davidson, Judge of the Superior Court, in virtue of the powers upon us conferred as Royal Commissioners appointed by Letters-Patent, dated on the twenty-first of September, eighteen hundred and ninety-one, to make inquiry into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Vict., chap. 88, in so far as it relates to the Baie des Chaleurs Railway Company, hereby appoint Léopold Laflamme, of Montreal, advocate, to be Secretary of the said Commission.

Given under our hands, at the city of Montreal, the thirty-first day of September, eighteen hundred and ninety-one.

(Signed) L. A. JETTÉ,
G. BABY,
C. P. DAVIDSON,

Commissioners.

I swear that I will well and truly, to the best of my ability, perform the duties of secretary to which office I have been appointed by the Royal Commission :—So help me God.

(Signed) LEOPOLD LAFLAMME.

Sworn before me, at Quebec, this }
sixth day of October, 1891. }

(Signed) L. A. JETTÉ,
Commissioner.

CANADA,
PROVINCE OF QUEBEC, }
City of Quebec.)

B

We, the Honourable Louis A. Jetté, judge of the Superior Court, Louis François Georges Baby, judge of the Court of Queen's Bench, and Charles Peers Davidson, judge of the Superior Court, in virtue of the powers upon us conferred as Royal Commissioners, appointed by Letters Patent, dated on the twenty-first of September, eighteen hundred and ninety-

one to make inquiry into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Vict., chap. 88, in so far as it relates to the Baie des Chaleurs Railway Company, hereby appoint Louis Jules Bélanger, of Quebec, advocate, secretary to the said Commission, in the place and stead of Mr. Léopold Laflamme, of Montreal, advocate, the resignation of the latter, dated the fourteenth day of the present month of October having been accepted.

Given under our hands, at the said day of Quebec, this twenty-first of October eighteen hundred and ninety-one.

(Signed) L. A. JETTÉ,
 " G. BABY,
 " C. P. DAVIDSON,

Commissioners.

I swear that I will well and truly, to the best of my ability, perform the duties of secretary to which office I have been appointed by the Royal Commission: So help me God.

(Signed) J. BELANGER.

Sworn before me at Quebec, this }
 twenty-fourth day of Oct., 1891. }

(Signed) L. A. JETTÉ,
President of the Commission.

CANADA,
 PROVINCE OF QUEBEC, }
 City of Quebec. }

C

REGISTRAR'S COMMISSION.

We, the Honourable Louis A. Jetté, judge of the Superior Court, Louis François Georges Baby, judge of the Court of Queen's Bench, and Charles Peers Davidson, judge of the Superior Court, in virtue of the powers upon us conferred as Royal Commissioners, appointed by Letters Patent, dated on the *twenty-first of September, eighteen hundred and ninety-one*, to make inquiry into and report on the facts and circumstances which preceded accompanied, caused and followed the transactions made under the Act 54 Vict., Chap. 88, in so far as it relates to the Baie des Chaleurs Railway Company, hereby appoint Crawford William Augustus Lindsay, of the city of Quebec, Esquire, Advocate, Registrar of the said Commission.

Given under our hands at the said city of Quebec, the twenty first of October, eighteen hundred and ninety-one.

(Signed) L. A. JETTÉ,
 G. BABY,
 C. P. DAVIDSON.

Commissioners.

D

FORM OF SUBPŒNA TO WITNESSES.

CANADA,
PROVINCE OF QUEBEC, }
District of Quebec.

*VICTORIA. by the Grace of God, of the United Kingdom of Great Britain and Ireland,
Queen, Defender of the Faith, &c., &c.*

By virtue of the Royal Commission issued under the Great Seal of the Province, constituting and appointing us the Honorable LOUIS A. JETTÉ. Judge of the Superior Court, the Honorable LOUIS FRANÇOIS GEORGE BABY, Judge of the Court of Queen's Bench, and the Honorable CHARLES PEERS DAVIDSON, Judge of the Superior Court, Commissioners to make an enquiry into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Vict., Chap. 88 in so far as it relates to the Baie des Chaleurs Railway Company,

To

We command you, under all due penalties of law, to appear personally before us, at the Circuit Court room of the Court House, at the City of Quebec, at HALF PAST TEN of the clock in the forenoon on the day of to give evidence in this matter, and then and there to attend from day to day until lawfully discharged. And we do further order you to have then and there with you and do produce

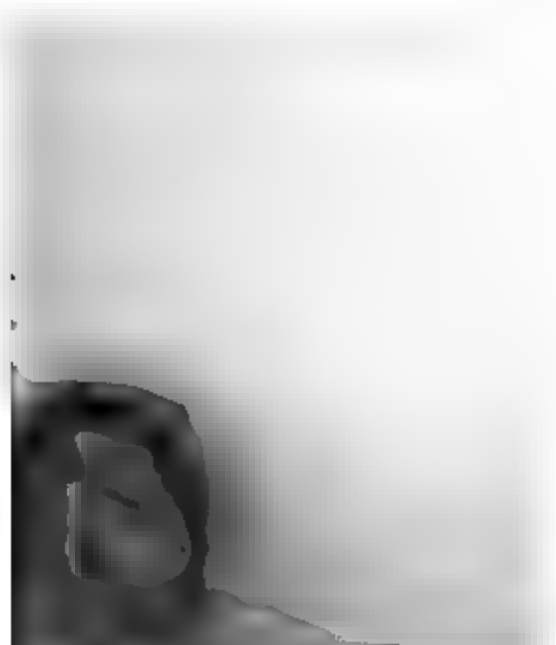
Given under our hands, at the City of Quebec, this day of in the year of Our Lord one thousand eight hundred and ninety-one.

Commissioners.

E.

FORM OF WITNESSES' OATH.

You swear upon the Holy Evangelists that the evidence you are about to give in this matter of the Commission issued under the Great Seal of the Province of Quebec to make inquiry into and report on the facts and circumstances which preceded, accompanied, caused and followed the transactions made under the Act 54 Vict., Chap. 88, in so far as it relates to the Baie des Chaleurs Railway Company shall be the truth, the whole truth and nothing but the truth :—So help you God.



ALPHABETICAL LIST

Of Exhibits produced, indicating the subject, the number, the date and the page where the document is printed or cited.

SUBJECT.	No.	Date of document	Printed at page.	Cited at page.
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